XEROX

Xerox University Microfilms
Ann Arbor, Michigan 48106

WESTERN AMERICANA

[illegible]
[illegible]

JOHNS HOPKINS UNIVERSITY STUDIES

IN

HISTORICAL AND POLITICAL SCIENCE

HERBERT B. ADAMS, Editor

History is past Politics and Politics present History—*Freeman*

VOLUME VI

HISTORY OF COÖPERATION

IN THE

UNITED STATES

PUBLISHED UNDER THE AUSPICES OF THE JOHNS HOPKINS UNIVERSITY
N. MURRAY, PUBLICATION AGENT
BALTIMORE
1888

H31
J6
Ser. 6

COPYRIGHT, 1888, BY N. MURRAY

BALTIMORE:
FROM THE PRESS OF GUGGENHEIMER, WEIL & CO.
1888.

TABLE OF CONTENTS.

PAGE
I-II. Coöperation in New England. By Edward W. Bemis, Ph. D. 17
III. Coöperation in the Middle States. By Edward W. Bemis, Ph. D. 141
IV-V-VI. Coöperation in the Northwest. By Albert Shaw, Ph. D. 199
VII-VIII. Three Phases of Coöperation in the West. By Amos G. Warner, Ph. D. 367
IX-X. Coöperation on the Pacific Coast. By Charles Howard Shinn 447
XI-XII. Coöperation in Maryland and the South. By Daniel R. Randall, Ph. D. 489
Index 529

INTRODUCTION.

BY RICHARD T. ELY, PH. D.

"If the improvement which even triumphant despotism has only retarded, not stopped, shall continue its course, there can be little doubt that the status of hired laborers will gradually tend to confine itself to the description of workpeople whose low moral qualities render them unfit for anything more independent: and that the relation of masters and workpeople will be gradually superseded by partnership in one of two forms: in some cases association of the laborers with the capitalist; in others, and perhaps finally in all, association of laborers among themselves. * * * So long as this idea remained in a state of theory, in the writings of Owen or of Louis Blanc, it may have appeared, to the common modes of judgment, incapable of being realized, and not likely to be tried unless by seizing on the existing capital, and confiscating it for the benefit of the laborers, which is even now imagined by many persons, and pretended by more, both in England and on the Continent, to be the meaning and purpose of Socialism. But there is a capacity of exertion and self-denial in the masses of mankind, which is never known but on the rare occasions on which it is appealed to in the name of some great idea or elevated sentiment. * * * What is now required is not to bolster up old customs, whereby limited classes of laboring people obtain partial gains which interest them in keeping up the present organisation of society, but to introduce new general practices beneficial to all; and there is reason to rejoice at whatever makes the privileged classes of skilled artisans feel that they have the same interests, and depend for their remuneration on the same general causes, and must resort for the improvement of their condition to the same remedies as the less fortunately circumstanced and comparatively helpless multitude."

These sentences are quoted from the wonderful fourth book of John Stuart Mill's Principles of Political Economy, and follow his account of experiments in coöperation and profit-sharing in England and France twenty-five years ago. They serve as an appropriate opening of this introduction to the following chapters on coöperation in the United States.

The words of John Stuart Mill bring before the reader at once the significance which coöperation has always had for its most thoughtful promoters. Men like Thomas Hughes, Charles Kingsley, E. Vansittart Neale and Frederick Denison Maurice did not inaugurate the coöperative movement in England, which is identified with their names, and give to it strength, intellect and resources in rare devotion, because they hoped to bring about a state of things in which a few people could buy sugar for two farthings less per pound, or coal for a few pence less per ton. They had then in mind—as those of them who live, and their successors in the work, still have—something far different from a reduction of retail prices of groceries and dry-goods, which is all that coöperation seems to mean to many people. They contemplated a thorough-going reconstruction of industrial society, and while they adhered to Christian principles and deprecated violence, they objected to the methods of the old-fashioned trades-unionist as not sufficiently radical. It is this contemplated outcome of industrial evolution which renders the following chapters peculiarly interesting and instructive.

The only surprising thing about the appearances of studies like these is that they have been undertaken so late. With rare opportunties for the scientific investigation of economic phenomena, Americans have, until recently, given little attention to the inductive and statistical study of political economy. The habit of observation in this field of life has among us been cultivated only in the fewest instances, and the result has been that men have lived among the most extraordinary economic phenomena, and taken part in the most marvellous industrial revolutions without the faintest idea of their significance. Three causes for this readily occur to the mind:

1. Preoccupation with other things, especially with material progress in itself, regardless of its scientific aspects.

2. The undue ascendancy of deduction in social science. It is far easier to spin theories out of one's mind, and to indulge in sweeping dogmas, than to give one's self up to

patient investigation, as people are obliged to do in natural science.

3. The overweening conceit of economists. They have felt that they had nothing to learn, but had all the truth in their possession. It then only remained for them to enlighten the darkness of the masses. Economists forgot that they were students and became mere advocates.[1]

The present work makes it clear that we have in this country as remarkable instances of success in coöperation as can be found in Europe. The Minneapolis coopers are of as much significance as the Rochdale Pioneers, and profit-sharing in the Pillsbury mills is a more brilliant instance of successful profit-sharing than the case of the Briggs Brothers in England. It is to be hoped that the well-worn illustrations of coöperation found in old text-books may, in American newspapers and periodicals, make way for these fresher, and for us at least more valuable experiments, which have been so faithfully portrayed in the following pages.

It is worthy of notice that this work on coöperation in America has itself been prepared on the coöperative plan and is one of many recent instances of coöperation in literature. Five Johns Hopkins men divided the United States so that each might devote himself to a smaller territory and work it more carefully than would otherwise be possible. Now the results of their exertions are combined.[2]

---

[1] This is well illustrated by the experience of a gentleman who attempted to organize a society for investigation of economic phenomena in a Western city, whose college graduates had, for the most part, been trained under the old deductive political economy. He writes me as follows: "The opinion prevails far too widely that political economists must be mere doctrinaires and must contend for some set of opinions and some course of policy. Critical study of phenomena is as unpopular as free-thinking in religion."

[2] It is proper to state that three of these studies, viz.: Those by Messrs. Shaw, Bemis and Warner, were originally published as monographs to the American Economic Association. They have been revised, and in some parts condensed, in others enlarged, for the present volume.

Dr. Shaw gives an excellent description of the most brilliant example of success in productive coöperation which this country affords, while Dr. Bemis possesses in New England a much older field, and presents the most careful and scholarly investigation of coöperation in that section of the Union yet prepared. The account of the causes of failure and of the conditions of success found in Dr. Bemis' contribution renders it peculiarly valuable as a practical guide to coöperators. If workingmen will but read it and reflect on its teachings, it will save them hundreds of thousands of dollars a year, and prevent much disappointment and bitterness.

Dr. Randall has investigated coöperation in the South, in which the conditions have only recently been such as to render it a practicable form of organization of industry, but the study of this "New South" is fruitful on account of peculiar conditions.

Mr. Warner has likewise a field which is new, but new in a different sense. The economic institutions of the West have not changed, as have those of the South, but it has only recently been settled by a civilized population. The Grange movement, which is treated in one of its aspects, exhibits curious and instructive phenomena which have never been the subject of satisfactory scientific research. The rapid growth and great strength of the Patrons of Husbandry demonstrate latent possibilities of popular combinations in our immense West, which may be expected to manifest themselves again and again in the future, though it is uncertain precisely what form they will take. There seems to be little reason to doubt that a new and powerful impetus will be given to some manner of coöperation by the West; and it is well for us to know what has already been done and what is now being done in this immense territory.

Mr. Shinn, of the *Overland Monthly*, who has traveled extensively on the Pacific coast, presents to us the results of his investigations in that section, and strengthens our faith in the possibilities of coöperation in the future, when a denser population will give new motives for industrial combinations, and when we may hope, that in this country as elsewhere, gifted and generous men will offer their services to popular movements.

This work has an important bearing on the subject of corporations, for these various forms of coöperative enterprises are only one kind of corporation. It will be seen that the more democratic their constitution has been, the more successful has been their career. To protect the ordinary stockholder, and to prevent the monopolization of coöperative enterprises, it has at times been found necessary to limit the capital which one person may hold, and it has nearly always, both in this country and others, been found one of the first conditions of success to limit each stockholder's voting power to one vote, regardless of the number of shares he may own. Judge Merrick, of Washington, has suggested the adoption of the first measure for all corporations, but the limitation of voting powers seems more important. It is always the "small man" who is injured by the "large man," consequently the rich have nothing to fear. It would doubtless be difficult, in the history of corporations, or coöperative enterprises, to point to a single instance of an injury of large stockholders by a wilful and malicious combination of many small owners of stock.

Each contributor teaches some valuable lessons, but they all agree in this: One of the prime conditions of success of coöperation is moral integrity of the coöperators. The cause of failure is more frequently ethical than intellectual weakness. This is true of all popular movements and for the mass of men—however it may be with a few clever scoundrels—Christ uttered a scientific truth, confirmed by every careful and intelligent observation of economic phenomena, when he said, "Seek *ye* first the kingdom of God and His righteousness, and all these things [economic goods] shall be added unto you."

I-II

COÖPERATION

IN

NEW ENGLAND.

JOHNS HOPKINS UNIVERSITY STUDIES

IN

HISTORICAL AND POLITICAL SCIENCE

HERBERT B. ADAMS, Editor

History is past Politics and Politics present History — *Freeman*

SIXTH SERIES

I-II

COÖPERATION IN NEW ENGLAND.

By EDWARD W. BEMIS, PH. D.

BALTIMORE
PUBLICATION AGENCY OF THE JOHNS HOPKINS UNIVERSITY
1888

Copyright, [illegible], by N. Murray.

Baltimore:
From the Press of Guggenheimer, Weil & Co.
[illegible]

TABLE OF CONTENTS.

I. Early History:

Page

1. Brook Farm.. 16
2. New England Protective Union........................ 19
3. Causes of Failure.. 24
4. Survivals of the Union Stores........................ 26
    a. Division 42.. 26
    b. Division 108.. 28
    c. Natick Protective Union........................ 29

II. Patrons of Husbandry:

1. Grange Stores.. 33
2. Trade Discounts.. 35

III. Sovereigns of Industry:

1. Early History.. 37
2. Springfield Store.. 40
3. The Rochdale Plan.. 46
4. Success and Failure of the Sovereigns........................ 47

IV. Existing Coöperative Stores:

1. Danvers' Coöperative Union Society........................ 53
2. Riverside Coöperative Association of Maynard..... 54
3. Arlington Coöperative Association........................ 56
4. New Bedford Coöperative Association........................ 63
5. Coöperative Store Co. of Silver Lake........................ 63
6. Lowell Coöperative Association........................ 64
7. Plymouth Rock Coöperative Co........................ 64
8. Sovereigns' Coöperative Association of Worcester... 64
9. Progressive Coöperative Association of Worcester... 64
10. Webster Coöperative Association........................ 65
11. Acushnet Coöperative Association........................ 66
12. Connecticut Stores.. 68
13. Maine Stores.. 68
14. K. of L. Stores.. 69
15. Swedish Stores.. 69
16. Adams Coöperative Association........................ 70
17. Ratio of Expenses to Trade........................ 70
18. Beverly Coöperative Association........................ 73
19. College Coöperation.. 73
    a. Harvard.. 73
    b. Yale.. 74
    c. Massachusetts Institute of Technology........................ 75
20. Best Form of Distributive Coöperation........................ 75

V. PRODUCTIVE COÖPERATION WITHOUT DIVIDENDS TO LABOR:

1. Somerset Coöperative Foundry Co.................... 78
2. East Templeton Coöperative Chair Co.................... 79
3. Stoneham Coöperative Shoe Co.................... 79
4. The Middlesex Coöperative Boot and Shoe Co 80
5. Coöperative Granite Works of So. Ryegate Vt...... 81
6. South Norwalk Coöperative Hat Co.................... 82
7. Coöperative Creameries.................... 84

VI. PRODUCTIVE COÖPERATION WITH DIVIDENDS TO LABOR:

1. Lynn K. of L. Coöperative Boot and Shoe Co........ 86
2. Spencer Coöperative Boot and Shoe Co.................... 88
3. Coöperative Printing and Publishing Co. of Boston.. 90
4. Coöperative Iron Foundry at Nashua, N. H.......... 90
5. National K. of L. Coöperative Elastic Fabric Co..... 91

VII. COÖPERATIVE BANKS:

VIII. GROWTH OF COÖPERATION:

1. Laws Governing Coöperation.................... 102
2. Statistics.................... 103

IX. PROFIT-SHARING:

1. Peace Dale Manufacturing Co.................... 108
2. New England Granite Works.................... 109
3. Asa Cushman & Co., Shoe Manufacturers.......... 115
4. New Haven Wire Co.................... 119
5. George H. Kingman, Shoe Manufacturer.... 120
6. Profit-Sharing in the Gas Manufacture.......... 120
7. Boston Herald.................... 121
8. Rice & Griffin.................... 124
9. Outlook for Profit-Sharing.................... 125

X. STATISTICAL TABLES:

1. Distributive Coöperation.................... 127
2. Productive Coöperation.................... 130
3. Creameries.................... 132

COÖPERATION IN NEW ENGLAND.

CHAPTER I.

EARLY HISTORY.

BROOK FARM.

Coöperation in New England, if we except profit-sharing in the fisheries, began in the year 1842-7, when organised labor first became a power in Massachusetts, and when that remarkable enthusiasm for social amelioration was awakened which led to experiments like those of Brook Farm and Northampton. The same movement in France gave birth to Fourier, and in England to Robert Owen and the Rochdale Pioneers. The Brook Farm Community, located about ten miles southwest of Boston, and the scene of an attempt (1843-6) to form a coöperative commonwealth, modeled in its last stages after the ideas of Fourier, was one of the earliest manifestations of this movement in New England. Although more ambitious in its aims and more radical in its revolt from existing economic conditions than most coöperative schemes, since it involved the whole social life, as well as the production and distribution of wealth, the influence of the experiment upon the subsequent development of coöperation was probably greater than is generally supposed. The saving attendant upon the concentration of the purchases of a whole community, equality of all shareholders in the management without regard to their amount of stock, and the endeavor to distribute the benefits among all, after payment of a stipulated interest on capital, were by no means the chief legacies bequeathed to subsequent coöperative experiments in America by Brook Farm.

These ideas might have been, and often were in later enterprises, borrowed directly from England, or were a natural evolution from existing conditions.

The most enduring influence of the community was through its members, who were so stimulated by the ideas of Fourier, Brisbane, George Ripley and others as to become leaders and important contributors to the success of subsequent coöperative efforts. It is sufficient to mention as among the members John Orvis, of Jamaica Plains, Mass., and Jonathan Butterfield, of Wakefield, Mass. The former was subsequently the national lecturer and organizer of the Sovereigns of Industry, and is still a prominent, if not the chief, exponent and advocate of coöperation among the Knights of Labor in his State. Mr. Butterfield was for several years treasurer of the National Council of the Sovereigns. His brother-in-law, Mr. John T. Codman, of Boston, whose unpublished history of Brook Farm was freely used by Mr. Frothingham in his life of Rev. George Ripley, thus writes me:

> "Certainly Brook Farm Life was one of the early blossoms of the coöperative movement, which sprung from the clear heads and loving hearts of some of New England's best intellectual people, but like the early bud, it came before the frosts and ice of isolated winter had gone, and was killed. It showed, however, what fruit the future tree of life and society will bear—or rather what blossoms were in the innate life giving a harbinger of what the great future will develop of fruit in social and society life. I will say this: As a youth I heard all predicted of the present strife of labor and capital, and much more of what the future must bear of coöperation, or else the death of this nation is sure. As a youth I learned to reverence the great Fourier, the father of the development theory, whose great industrial ideas this nation is slowly reaching forward to and developing without the thought that they are doing so—without giving him, or the Brook Farmers who tried to teach his doctrines, a word of credit. Brook Farm life and theories made me believe that industrial, and with it social progress, is the foundation of society and of our nation."

The friends of Mr. John G. Kaulback, Jr., who is still living, and head of a firm of wholesale grocers, 21 Central wharf, Boston, claim for him an important place in beginning coöperative stores in New England. There had previously existed for an uncertain period the system of obtaining reductions in the price of goods for organizations that would pledge their members to exclusive trade at a certain store. Soon after 1844, Mr. Kaulback, then a tailor in Boston, was a member of the New England Association of Mechanics and Workingmen, and deeply interested in its chief object, the securing of the ten-hour law. Since the meetings were slimly attended, he conceived the idea that the members might be induced to come to the place of meeting, provided they could be made to see more plainly that it was their interest to do so. He therefore proposed that they contribute a certain sum individually, and therewith procure some of the necessaries of daily consumption and meet weekly to divide them. This was, at his suggestion, put into operation. A so-called dividing store was thus opened. From this small beginning, step by step, the work went on until the year 1845, when the first protective union store was organized and commenced business.

After success was assured in 1849, the founders thus referred to this early period: "We were poor—a crime in civilized society—we were ignorant to a great extent of the arts and intrigues of trade, but saw enough to induce the undertaking of an experiment, and with faith in God and the right, we commenced our work by the purchase of a box of soap and one-half box of tea." Some dozen or more persons thus began in an upper room over the Boylston Market, October 6, 1845, declaring that their main object was the elevation of the laboring classes. "The dollar was to us of minor importance; humane and not mercenary were our motives."

THE NEW ENGLAND PROTECTIVE UNION.

An organization, called until 1849 the Workingmen's Protective Union, and afterwards the New England Protective Union, was formed January 7, 1847, of the twelve local divisions then organised, of which ten were in Massachusetts, and grew so rapidly that in 1850 there were one hundred and six divisions. The membership in eighty-three of them was five thousand one hundred and nine, and the capital in eighty-four was $71,890.36, or an average of $855.83. The lowest capital was one hundred and fifty dollars, and the highest $2,765.51. The sales of seventy-three divisions in the preceding year were $638,636.74, or an average of $8,748.44.

It was Albert J. Wright, recently State Printer, now deceased, who first gave shape and form to the movement. Mr. Wm. F. Young, of Wakefield, informs me that Mr. Wright framed the constitution and laws of the New England Protective Union, and later set forth its aims and purposes through a vigorous preamble, and was its secretary until succeeded by Mr. Young in 1850, Mr. Kaulback meantime being the Boston purchasing agent. The constitution of the New England Protective Union, as that of its offshoot in 1853, the American Protective Union, was very simple. When fifteen or more persons, who did not use or sell for use as a beverage intoxicating liquors, desired to form a division, they applied to the central authorities, which sent a delegate to superintend the organization of the new division and to designate its number. Local divisions were then left to manage themselves, subject only to the following conditions: Restriction of membership to the strictly temperate as above, quarterly reports to the Central Division of the number of members, amount of capital stock and any changes in its officers, the payment of such small dues, rarely above three cents yearly per member, as the Central Division might require. Purchasing agents were selected in Boston, and afterward in a few other large cities, through whom the local divisions were expected, when practicable, to buy their goods. These agents had no salary, but could charge a commission of three-fourths of one per cent. on purchases and two per cent. on produce sold for the divisions. In the constitution was this section: "The business of the New England Protective Union shall be conducted upon the cash principle. No credit shall in any case be given. And furthermore, no division shall engage in, encourage or countenance the traffic in intoxicating drinks." How far these provisions were observed it is impossible to say. It is known that some divisions gave credit and that many others sold only for cash. In the early history of the movement the practice was almost universal to sell only to the stockholders and such other persons as were allowed its privileges through charitable motives. After a few years union stores were generally thrown open to the patronage of all.

Although the founders of this movement professed noble ideas of social amelioration, the majority of the members were content with the practical object of saving the expenses of the middleman and of the credit system. It was recognized that the trader is obliged to increase the price of his goods to cover probable losses from the bad debts of improvident or delinquent customers. The honest, thrifty purchaser, who is always ready to pay, is thus forced to contribute to an insurance against loss from those who fail to pay. No attempt to secure large profits was made by the union stores. Dividends of six per cent. on stock satisfied the members, and were often declared. In many cases, however, no attempt was made to declare any dividends, the surplus being applied to increase the capital and enlarge the business, and thus indirectly increase the value of the shares. Goods were sold as near cost as seemed consistent with safety. The Sovereigns of Industry claimed, years afterward, that they were the first in this country to use the Rochdale plan of coöperation, according to which goods are sold at market prices, and all profits above a moderate dividend on stock are returned every three or six months to the purchasers of goods in proportion to the amount of their trade. I have found no direct evidence of the existence of this system in the union stores, but Mr. Young, general secretary of the original organization from 1850 to its dissolution in 1860, is authority for the statement that coöperative stores on the Rochdale plan were established in and near Boston as early as 1864. The Charlestown store did a large business and was successful for several years. Unfortunate changes in management and policy ultimately proved disastrous and caused its failure. Very little public attention, however, was centered upon this method of coöperation until its adoption by the Sovereigns.

Great pains were taken in most of the union stores to make them of far more general benefit to their patrons than the ordinary joint stock companies, which they in many respects resembled. This was done by limiting dividends and selling at small advance above cost. But the temptation was great, and often yielded to, of increasing at the same time the price of goods, and the amount of dividends to the comparatively small number of stockholders. Many stores thus ceased to be coöperative, and the stock passed into the hands of a few of the more enterprising or well-to-do. The growth of the union stores prior to 1853 was astonishing. In October, 1852, there had been organized four hundred and three sub-divisions, of which one hundred and sixty-seven reported a capital of $241,712.66, and one hundred and sixty-five recorded as sales the previous year $1,696,825.46. No sooner did success seem assured than union was changed to disunion, and bitter dissension took the place of harmony. Charges of incompetency were made against the purchasing agent. He claimed that many of the divisions, not seeing the advantage of buying their goods through one central agency, and thereby obtaining the low prices attendant upon large trade, only sent to him orders whose filling was difficult and tedious, and on which the three-fourths per cent. commission did not pay the agent for his trouble. Dissensions thus arose. Other causes, doubtless, widened the breach, until in 1853 the old agent, Mr. Kaulback, was supplanted by another. This action was taken by the Board of Trade, which constituted the executive authority of the Central Union, and was annually elected by a delegate convention of the several local unions. The friends of the former agent rallied to his support and formed a new organization, with substantially the same constitution as the old, and known as the American Protective Union. This embraced for a time divisions in at least ten states. At its annual convention in 1857 it reported three hundred and fifty divisions, with three hundred and twenty-seven of which the Central Division was in more or less close business relations. The aggregate amount of capital was reported at $291,000, and the amount of annual trade $2,000,000—its high water mark, though a trade of nearly as much was reported during the next two years. Of the seven hundred and sixty-nine divisions which either were in business in 1857, or had been previously, forty-six were represented in the convention of 1857, distributed as follows: Massachusetts twenty-two, New Hampshire seven, Vermont six, New York five, Maine four, Rhode Island one, Connecticut one.

The original or New England Protective Union, though seriously crippled by the schism in its ranks, had reports in 1856 from sixty-three divisions, with three thousand five hundred and eighty-four members, $130,912 capital, and a trade for the preceding year of $1,005,883.02. According to Mr. Young, about seven hundred of these stores were organized and went into operation. Though principally confined to New England, they gradually extended into New York, Ohio, Illinois and other Western States. Several were established in Canada and New Brunswick and one in Oregon. Upon closing business most of the stores returned to members the amount of their original investment. In some cases considerable accumulations were also divided. In a few cases, however, where the stock failed to satisfy the debts of the store, the shareholders became responsible for all liabilities, since most of the stores were not incorporated.

CAUSES OF FAILURE.

Both organizations began to decline about 1856, and went to pieces at the outbreak of the Civil War. "The uncertainty of prices at that period," writes Mr. McNeil, "frightened the stockholders, and they gladly sold to the storekeeper, who was willing to risk something for the sake of continued occupation." Yet many of the divisions, as the stores were called, continued business as independent associations. Mr. Wm. F. Young, than whom no one living is better qualified to speak of this first important attempt at coöperation in New England, thus writes:

> "There were several causes which tended to weaken and finally break up the union stores, such as lack of coherence and unity in the central organization, disposition to imitate and rival other stores in useless display and expensive modern improvements, departure from the original cash or ready-pay principal, so vital to all union and coöperative enterprises, and the want of proper qualities on the part of those entrusted with the various business details. The sharp competition which sprang up between the union stores and the retail dealers, which materially reduced the standard of profits, contributed in no small degree to lessen the apparent advantages of the system and discouraged many, especially those who gave little thought to questions of economic reform, and whose attachment to the organization was measured, largely, by the per cent. of immediate gains they were able to realize. The seductive cry of bargains from the outside competition drew away many of this class."

The system of selling at cost, or just above, is most difficult to follow successfully. We shall hereafter notice a few conspicuous examples of success in stores so conducted, but in nearly all such cases exceptional intelligence among the patrons, or remarkable capacity in the manager, will be found. The great weakness of the system is its claim to undersell all other stores. A fierce rivalry is thus engendered. A competitor will offer some important line of goods for less than cost, and, by well advertising this, persuade the mass of unthinking patrons of the coöperative enterprise that they can really do better elsewhere, though, in fact, a transference of patronage to the rival stores would, very likely, involve much higher prices on the whole of the month's trade. Another difficulty lies in the probability that, in trying to sell so near cost, unforeseen expenses and losses will not only sweep away all profits, but also some of the capital.

The causes of failure have also been so well presented in Mr. George E. McNeil's report to the Massachusetts Bureau of Statistics of Labor of 1877, and the report itself is now so hard to obtain, the edition being exhausted, that I shall borrow, to some extent, from his treatment of the subject as a supplement to Mr. Young's. The most visible cause of failure was the choice of incompetent managers. Men sought the place instead of the place the man. The case of one store, where a good manager was chosen, is typical: "For a few years all went well. Then began the whisperings of discontent. The management was arbitrary. It cost too much to run the store. The storekeeper's salary was too large. It was more than a mechanic's wages. The store could run itself. This man and that should be taught that others could do as well as they. By much whispering and manipulation, many falsehoods and misrepresentations, the management was changed, innovations were introduced, a new storekeeper employed. The cautious were frightened and withdrew their money; an unwarrantable dividend was declared to maintain confidence, trade fell off, and they failed."[1]

People were then too self-important and untrained in those habits of due subordination and unhesitating obedience, which Thorold Rogers considers necessary to success in coöperation. This great difficulty our labor organizations, if they do nothing else, are remedying. For, after all, the underlying causes of all coöperative failures are lack of intelligence and of the spirit of coöperation. Holyoake well described the cause of many a failure, when he wrote: "As soon as the sunshine of success warms up the scheme, the envies and jealousies crawl out like parasites, and in some cases when human nature is worse than in others, they overrun everything and make the society morally uninhabitable." All my studies of coöperation serve only to confirm the verdict of Mr. McNeil: "The failure of these experiments is not so much due to methods as to men. The men are masters of the method. When it is said that a store failed because it allowed credit, it only half states the fact. Who allowed credit? Not the storekeeper. He was the servant subject to the majority. It was a failure to coöperate, for coöperation needs an intelligence equal to the settlement of such a question. If the management is charged with dishonesty or inefficiency, the coöperators are also responsible. The judgment necessary to select the proper men is the first essential of coöperative success. Men are often selected to important positions because they are affable, agreeable persons, qualities to be encouraged, but of little avail, if methods of business are unsound."[1]

---

[1] Report of the Mass. Bureau of Labor Statistics, 1877, p. 125.

SURVIVALS OF THE UNION STORES.

There are now in New England three survivals of the old union stores, viz.: at Worcester and Natick, Mass., and Salmon Falls, N. H. Division 42, as the Worcester store is called, being the forty-second in order of origin of the union stores, began in 1847 with about $700 capital in $13 shares. Now the capital is valued at $16,000, and none of the one hundred and thirty shares brings less than $150 when sold. From the beginning no one has been allowed to own more than one share, or to transfer stock save to the company. On the death of a member his share reverts to the company for sale to another, and the legal representative of the deceased receives a sum equal to one share of the net assets of the store, based upon the last report of the directors. Either this provision, or the requirements that no stock shall be transferred without being first offered to the company, is quite common in the coöperative stores of to-day. The constitution of Division 42 limits the membership to one hundred and fifty. Although there are many desirous of admittance, only one hundred and thirty are now members, but the directors are considering the propriety of admitting twenty more. As in the constitution of the New England Protective Union, no one is admitted who uses or sells intoxicating drinks as a beverage, or who is not of good moral character. The applicant for a share must give two "good, respectable references," must be approved by the "committee of investigation" of three persons, and receive two-thirds of all the votes, as well as pay for a share. The profits, which go entirely to the stockholders, have varied from five dollars to fifty dollars a share. The former was exceptionally low, and due to the expenditure of $3,000 nine years ago in fitting up the store. The profits in 1884 were thirty-five dollars, and in 1885 fifty dollars per share.

---

[1] Report of the Mass. Bureau of Labor Statistics, 1877, p. 123.

When the store was opened, goods were sold at cost and no dividends were declared, but since the present method of selling at market prices and dividing profits solely among shareholders was adopted over twenty years ago, about $75,000 have been paid to members. It is now really a joint-stock company with stock equally distributed among one hundred and thirty members. By this restriction of membership and method of profit-sharing, the store, which is very prosperous with its annual business of $140,000 to $150,000, and which occupies one of the best locations in Worcester for which it pays a rent of $2,750, is not regarded among the laboring classes of the city as truly coöperative. As its original members have died or moved away, the high premiums for their shares, which reverted to the company for sale, have placed them beyond the reach of most. About twelve years ago the private property of the stockholders was assessed for $5,000,000, an average of over $38,000 each. Despite the absence of many coöperative features the original connection of this store with the coöperative movement, and its continued success seem to call for this notice. Its prosperity seems due largely to the ability and devotion of its manager, Mr. S. A. Pratt, who has held his position from the beginning in November, 1847, when he was employed at $1.25 a day. He told the writer: "When getting $1,000, I was offered $3,000 to go to Boston, but I stayed, for I was desirous to see if the trade could be built up from a Christian standpoint. At one time I had my salary reduced at my request from over $2,000 to $1,500, when business was not very flourishing. I get whatever I ask, but I am not here to make profits for myself, but to build up a legitimate business." He spoke with pride of the fact that neither liquor nor tobacco were sold in the store, and that even the devotee of the latter would instinctively lay aside his cigar or pipe on entering. It is men of this manager's type of Christian manhood who are needed in all coöperative enterprises, and I may here confess that throughout my investigation, I have been most happily surprised at the number of such unselfish men in the community, and particularly in the coöperative movement. Two other important conditions of success have prevailed in this oldest of the survivors of the union stores, viz.: The general intelligence of the members, and the strictly cash system of sales. Very rarely is any credit given, and then wholly at the risk of the manager to some member of undoubted honor and solvency.

Second in age of the survivors of the union stores, though 106th among them at its organization, is Division No. 106, at Salmon Falls, N. H., started February 11, 1850, with a capital of $400, and now having a paid-in-capital of $1,705 in three hundred and forty-one five-dollar shares, owned by two hundred and two members, and an undivided surplus of $5,201.62, or a total capital of $6,906.62. No member can own over ten shares. The trade of the last three years has averaged about $48,000. Six per cent. dividends have been paid on the stock annually from the beginning. One thousand dollars was divided among the stockholders twenty years ago, and if the business should ever be closed up the present large surplus would be divided in the same way, according to the number of shares. The agent, Mr. R. C. Furnald, who has held his position throughout the thirty-six years' history of the store, writes: "We intend to regulate the prices of our goods so that the profits will just pay our expenses [interest of six per cent. on stock being considered part of expenses]. We do not work to make money for our stockholders, but to save money by buying goods cheap." This has ever been their method of profit-sharing. Contrary to the usual practice among such stores, goods are sold to the two hundred and two stockholders about two per cent. lower than to outsiders. Prior to the dissolution of the Boston agency of the New England Protective Union, about 1860, this store bought goods there. Since then purchases have been made of any wholesale firm. For the first twenty-five years a cash business was done. For the past ten years accounts have been kept, which the agent considers a mistake. As in the Worcester store, a superior class of stockholders are secured, though they are not as wealthy as in the older store. Applicants for membership must not only buy a share, but must prove to the satisfaction of the directors that they have "some visible means of support," "possess a good moral character," and are "of that class who honorably discharge their debts, and who do not make use of or vend intoxicating drinks," and any member, that is, any stockholder, may be expelled after due notice by vote of the majority present at any meeting for lack of any of these qualifications. Any member withdrawing from the store may have his stock refunded to him within thirty days.

Another vigorous survival of the union stores, although not started until after the collapse of the central Boston agency, is the Natick Protective Union. Organized December 16, 1863, at Natick, Mass., with $6,000 capital in ten dollar shares, it now has $6,000 paid-in capital in six hundred shares, distributed among five hundred and seventy-five shareholders. The par value of a share is still only ten dollars, but the large dividends make the stock sell for about thirty dollars. The store was the successor of another union store which had failed, and Mr. Isaac A. Flagg, who has managed the present store from its beginning until recently, when advancing years led to his giving up part of his duties, was a clerk in the previous enterprise. In October, 1863, only two years after its organization, the capital had doubled, and a stock dividend of $3,000 was declared. Some kept these extra shares, but many sold them and thus increased the membership. In 1875, under pressure of competition from the Sovereigns, two hundred more shares were created, not to be sold to previous holders of stock, and only one to a man. Applicants for membership must not only pay for a share, but bring three vouchers, who are members of the association, and must be approved by the board of managers. Transfers of stock can be made to members, if they have not the full number of twenty shares, to which each member is limited, provided the board of managers are first given thirty days in which to purchase, if they desire, but no transfers can be made to outsiders without the consent of the officers.

The object of the corporation is declared in the official act of incorporation according to state law in 1866, to be "to reduce the cost of living." It had just been discovered at the time of my visit, when account of stock was taken, that the profits on meat had been larger than expected, owing to a fall in wholesale prices. Said Mr. Flagg: "We now sell lower, for we don't want a large profit—we prefer to benefit the consumers"—a very different ideal, certainly, from that held in our ordinary competitive stores. Goods are sold to everyone, whether stockholders or not. Discounts on many articles of the retail grocery trade are given to members, but low prices are offered to all customers. Although prices have thus been much lowered and consumers thereby benefitted in this town of 9,000 inhabitants, yet the five hundred and seventy-five stockholders have also been richly rewarded. The profits on a ten-dollar share for the past ten years, including the regular six per cent. interest provided for in the by-laws, have been as follows:

1875,	$4.00	1879,	$4.00	1883,	$1.75
1876,	5.00	1880,	5.00	1884,	3.00
1877,	5.00	1881,*	3.50	1885,	7.50
1878,	3.00	1882,	3.00		

In 1885 some surplus from the previous two years was divided. It will be observed that in the last eleven years over five hundred stockholders have received 476.5 per cent. dividends, which is a remarkable exhibit. According to state law, ten per cent. of the net profits were laid aside for a reserve, until a surplus of thirty per cent. of the capital was thus accumulated. This limit was reached at Natick years ago, and all profits now go to dividends. According to another provision of the state law, and according to the practice of every coöperative company in New England, each shareholder has a separate vote, without regard to his amount of stock. Groceries and meat are sold, but the accounts are kept separate, to determine the profit or loss in each. At first no attempt was made to solicit orders. Only heavy goods were delivered. Later, cards were placed in the windows for orders. Last year competition and the desire of the patrons compelled the use of teams for taking orders and general delivery as in other stores. Three teams are run and nine men employed. Three or four employés, however, are either too young or too old to receive full wages.

Full and admirable reports are printed yearly, which not only contribute to render the business safe and subject to the control of the members, but cannot fail to do much to educate all in business methods. From these reports the following totals of trade since 1880 are extracted—

1880,	$118,366	1883,	$118,996
1881,	123,153	1884,	105,600
1882,	130,061	1885,	100,176

There has been no diminution in the amount of goods sold, but only in the prices for them. The testimony to this effect among several coöperative companies is strong evidence of the reduction in the cost of living with respect to groceries within the last five years. At the time of the organization of this company, twenty years ago, some coöperative enterprises in the neighborhood had failed through credit; so this rock was avoided. There is no trusting, unless in small accounts for a few days, on the personal responsibility of the manager. The latter remarked that he considered it more difficult to manage coöperative than other stores, since the former must always be open to inspection and please everybody; "but," he added, "our members never trouble."

CHAPTER II.

THE PATRONS OF HUSBANDRY.

In 1873, '74 and '75 this order, founded in Washington, D. C., in 1866, spread rapidly in the agricultural portions of New England, and continues there as a well-organized and useful society. It does not seek or obtain much public notice, and a majority of those living in the cities are probably unaware of its existence. Its power for good, however, and its steady growth among the farmers, are none the less real. The order has grown in Maine from 7,039 members in one hundred and nineteen granges in 1880, to 12,531 members in one hundred and eighty-four granges in 1885. There were in that year 5,500 members in about eighty granges in New Hampshire, and 2,500 members in thirty-five granges in Connecticut. The growth in Massachusetts has been from 1,141 members in thirty-three granges in 1881 to 4,078 members in fifty granges reported at the fourteenth annual session, held in December, 1886. The total membership in New England is between 25,000 and 30,000. The above figures are taken from the official reports and estimates of the various state officers of the order.

As the order was founded, and has done its greatest work outside of New England, it does not belong to this investigation to enlarge upon its history and valuable educational and social features. It is sufficient to state that the benefits conferred upon the membership in New England are as great as elsewhere.

GRANGE STORES.

In Maine the Patrons have several coöperative stores, whose success for several years bid fair to continue. Mr. F. A. Allen, secretary of the State Grange, writes: "I consider the outlook in Maine better than before." These stores, generally, resemble the union stores already described, selling goods at little above cost to Patrons of Husbandry, and the stock being owned solely by them. Some of these stores date from 1876 and 1877. Among them may be mentioned the Norway Coöperative Trade Association, organized in 1877 at Norway with a few hundred five-dollar shares, and doing an annual business of $6,000; another at Foxcroft, Me., with the same business; one at Carroll and another at Belmont trading $4,000 each. Grange stores also exist at Samoin, Morrill, Jackson, South Paris, Topham, Freedonia, Dixmont and probably other Maine towns.

The largest grange store in New England is the Patrons' Coöperative Corporation, of Portland, Me., wholesale dealers in groceries, grain, provisions and farm supplies. Despite many letters of inquiry to the managers and directors, little information has been obtained. The capital of the store, which was organized in 1877, is estimated by J. W. Lang, of Bowdoinham, Me., member of the Executive Committee of the State Grange, to be about $40,000 in five-dollar shares, on which six per cent. interest is paid. The net earnings rarely permit much of a dividend beyond this. The State Grange owns about $4,000 of the stock. Many local granges have shares, and individuals own the rest. The store has a trade of about $175,000, supplying scores of grangers and grange stores with goods of all kinds at low prices.

The history of the coöperative attempts of this organization in New Hampshire are thus summarized in the annual address to the order in 1885, of Mr. Wm. H. Stinson, of Mt. Vernon, N. H., Master of the New Hampshire State Grange:

"In the earliest days of the grange, not only in this state, but throughout the United States, the financial feature was held out as the strong inducement for the organization. Every grange had its store, and the patrons expected to purchase their supplies at wholesale prices. We also well know that these expectations were not generally realized, and the financial crash came, debts had to be met, members withdrew, and granges went to the wall. After a time the social and educational features were brought forward, the business item placed secondary, and on this basis the grange built on a firm foundation and grew strong and useful beyond the thoughts of its early advocates. The failure in business came through want of experience and proper adaptation to that work. Success follows experience, and failure that of inexperience."

The only coöperative store of any size of the grange, or as far as I can learn, of any organization in New Hampshire, until very recently at least, has been the coöperative store of Rochester. Mr. D. B. Waldron, of Rochester, secretary of the local grange, writes that the store has $7,000 capital in the hands of thirty-two stockholders. All profits have gone to them since the establishment of the store in 1876. Goods to the amount of nearly $40,000 are sold yearly to everybody at just enough above cost to pay interest not exceeding six per cent. on the capital. The store has been a success, thanks to a capable manager. Mr. Waldron writes that goods are sold in Rochester at the present time lower than in any other town in New Hampshire. I have found no granges in Rhode Island, or grange stores in Massachusetts or Vermont.

Grange stores exist at Torrington and Lebanon, Connecticut. Mr. B. C. Patterson, manager of the Torrington store, writes that goods are sold only to members of the order, and at a slight advance above cost. It was started with no capital, but patrons furnished what little was needed, at four per cent. interest, until the small profits repaid the loan. There is no stock. The funds belong to the local grange. Any surplus is used to obtain good lectures and entertainments for the benefit of members and others. Only groceries are sold.

From Lebanon, Ct., Mr. Asher P. Smith writes that the grange store there has a trade of $16,000 annually. It has no share capital, but borrows $3,000, and sells at little above the amount necessary to cover cost and running expenses. The store is sustained by the one hundred and eighty-nine Patrons of Husbandry in Lebanon.

TRADE DISCOUNTS.

That elementary form of coöperation where the members of an organization buy at reduced prices for cash, by agreeing to concentrate their trade on certain stores, is widely prevalent throughout the order in New England. Secret circulars are issued to members giving lists of stores and discounts where such arrangements have been made. The goods on which such discounts can be obtained in New Hampshire, according to the official circular of 1886, embraced agricultural machinery, tools, boots and shoes, books, stationery, seeds, custom and ready-made clothing, dress and dry goods, groceries, grain and feed, paints, furniture, sewing machines, pumps, and in fact everything needed by the farmer. The state granges of New Hampshire, Vermont, Massachusetts and Connecticut, have made joint arrangements with a large number of manufacturers and wholesale firms for stipulated discounts on cash trade, subject to certain conditions, viz.: Each subordinate grange to choose one member as purchasing agent, all purchases to be made through him, and the list of the houses making the discounts to be kept from the knowledge of those who are not members. Confidential price-lists are furnished purchasing agents upon application, under seal of their subordinate granges, and attested by the master and secretary of these granges. Coöperative life and fire insurance companies are also being introduced. Mr. J. H. Hale, of South Glastonbury, Ct., Master of the Connecticut State Grange, estimates that from $40,000 to $50,000 were saved to the patrons in New England in 1886 by these various forms of coöperation.

CHAPTER III.

THE SOVEREIGNS OF INDUSTRY.

EARLY HISTORY.

With the first month of 1874 a new factor in coöperation appeared, which was destined, in the five years of its eventful history, to give a great impulse to coöperative effort, and to mark a great advance in its methods. The history of the Sovereigns of Industry has never yet been written. Not only to the social reformer, but to all students of social science, the story of its rapid rise, and almost equally rapid decline, is full of instruction.

The founder of the order, and for four years its official head, Mr. Wm. H. Earle, was in 1874 a small fruit grower, at Worcester, Mass. His five acres within the city limits, located on a beautiful hillside, sloping to the south, overlooked that picturesque city, and there he still resides, though in other business, as full of faith as ever in the future of the ideas to which he gave some of his best years. The Worcester *Gazette* of January 15, 1874, thus referred to him: "Mr. Earle has resided in this city but a few years, but has won the respect and confidence of all with whom he has come in contact. In matters pertaining to horticulture, and among those interested in that pursuit, he is widely and favorably known." He thus relates the origin of the Order of the Sovereigns of Industry:[1]

"Dudley W. Adams, of Waukon, Iowa (in 1873 Master of the Iowa State Grange), was an old schoolmate of mine, and when he became Master of the National Grange of the Patrons of Husbandry, he wrote me inviting me to take hold of the work of organizing granges in Massachusetts. I began carefully to study this whole question of labor and capital, of producer and consumer, spoke to some of our leading agriculturists and arranged to organize a grange in our city. About the time we organized this grange the question came up, 'Why should the Patrons of Husbandry refuse to admit all but farmers?' The more I studied this question, the more thoroughly convinced I became that, while the common foes and common wants of all the toiling men and women in our land were nearly alike, there was no good reason why all persons of good character engaged in industrial pursuits, and having no interests in conflict with the purpose of the order, should not be eligible."

---

[1] I must acknowledge my great indebtedness for the history of the Sovereigns of Industry to Mr. W. H. Earle, who placed at my disposal a mass of material, including the unpublished records of the National Council.

Invitations were therefore sent about this time, January 1, 1874, to different parts of the country to such persons as were believed to be in sympathy with the movement. A convention was called to meet in Springfield, Mass., January 6th. At that date some fifteen laboring men met to consult about the advisability of organizing a new society or order. For eight days and nights they earnestly discussed this question and a plan of organization, and then adopted a preamble, constitution and ritual, and organized as the National Council of the Order of Sovereigns of Industry. The afternoon of January 16, the day after the adjournment of the Springfield convention, Mr. Earle organized the first subordinate council of the order at Worcester. The same evening a council was formed in Springfield, Mass., partly through the instrumentality of a relative of the founder. Other councils were immediately formed in other states, Mr. Earle organizing the first council in six states within a few weeks. It was soon found that the movement was to become of far greater magnitude than had been at first expected, and "in order to lay the foundation strong and deep," writes Mr. Earle, he and his coadjutors were compelled to call a special session of the National Council to make certain alterations in the constitution and ritual. These alterations were made at Springfield, Mass., March 5th, 6th and 7th, 1874, by representatives from most of the sub-councils then organized. "At our first meeting in

January," continued Mr. Earle, "we met as strangers. I knew only one person in attendance at the convention, and had no thought of becoming conspicuously identified with the movement, but went because my heart was in the work. Very unexpectedly I was unanimously elected president." At the special session he resigned, and was again unanimously elected, and continued to hold that office by the same unanimous choice until ill-health compelled his resignation in 1878.

It is now time to consider the objects and methods of this new order. The purposes of the founders are so well expressed in the preamble to the constitution, and were so confirmed by the subsequent history of the movement, that one cannot do better than quote:

"By all the wise and kindly measures it can command, it will present organized resistance to the organized encroachment of the monopolies and other evils of the existing industrial and commercial system. It will try to establish a better system of economical exchanges and to promote, on a basis of equity and liberty, mutual fellowship and coöperative action among the producers and consumers of wealth throughout the earth. We wage no wars with persons or classes, but only with wrongs, discords and hardships, which have existed too long. We most earnestly deprecate hatred, jealousy or envy between classes, and call on all people to be of one mind in the spirit of justice. We abhor every scheme of agrarianism or violence, and shall use only such instrumentalities as are sanctioned by demonstrated principles of moral philosophy and social science, the universal interests of humanity, and a philanthropy rising impartially above all distinctions of class, sex, creed, race or nationality."

In the first address of President Earle to a subordinate council—that at Worcester—on its organization, January 16, 1874, he used these words: "I wish first of all to say that this order seeks to bring these two classes (employés and employers) into a closer fellowship of good feeling and mutual interest."

It was proclaimed that any person of "good character and having no interest in conflict with the order" could be admitted on vote of a subordinate council, and on payment of an initiation fee of two dollars for men, one dollar for women, and yearly dues of from one dollar to four dollars, as local necessities might require. At the commencement, at least, lawyers and professional politicians were excluded, as by another organization of more recent fame, the Knights of Labor. In Massachusetts, and probably in some other states, three black balls caused the rejection of a candidate. The secret ritual of the order is a secret no longer, and contains nothing to which anyone could not readily subscribe.

Each subordinate council was entitled to two representatives in the state council, and the latter sent representatives to the national council which met once a year, listened to reports, legislated for the interests of the order, and elected officers for the ensuing year. Arrangements were made by means of traveling and withdrawal cards for members moving from the seat of one council to that of another.

Most of the councils began coöperation by empowering agents to buy for cash at wholesale prices, at regular intervals of a week or longer, such goods as the members of the local council deposited money for in advance. Thus without capital, goods were obtained at marked reduction from the high retail prices of that period. An annual trade of many hundred thousand dollars thus sprang up in New England, and much was saved to the laboring classes. Many, perhaps half, of the council, never went farther. The largest and the oldest store of the order was that at Springfield, Mass. Its history is so full of lessons of warning that a brief account of its rapid rise and unfortunate ending may not be amiss.

THE SPRINGFIELD STORE.

January 16, 1874, as a result of the visit from Mr. Earle above referred to, a council of twenty-six was organized in the well-known city of the Connecticut valley, where lived at that time some 30,000 people. The Springfield council agreed to center its trade and pay cash at certain large retail stores on condition of receiving a reduction in price, a method of trading now practiced by the Patrons of Husbandry; but other cash customers of the stores began to complain, because they did not obtain similar reduction. Several new councils were organized in the city and vicinity, who contributed as councils $300, and empowered one of their members, Mr. O. S. Brigham, to purchase goods for them at wholesale, as in the dividing houses which had previously been started from time to time in New England. Not a wholesale house in town would sell to Mr. Brigham for fear of a boycott, or at least loss of trade from other stores. So goods were purchased in Boston without divulging at first the nature of the company for which they were bought. Before long, wholesale dealers welcomed the agent of the Sovereigns, who came cash in hand. The goods were sold at just enough above cost to cover expenses. Mr. Brigham charged nothing for his services, and each customer could inspect the bills to see the price paid the wholesale dealers. Trade increased so fast that a store was opened for the whole day, and a storekeeper was hired. The capital, which never exceeded $750 during the year 1874, was turned over quickly. Flour was ordered by the one hundred barrels from Michigan. The coal dealers of Springfield refused to sell below the retail price of $10 a short ton. After considerable difficulty a man in Hudson, N. Y., was found who was ready to defy the combination of coal dealers and sell to the coöperators. Six to ten carloads at a time were bought, the customers paying the price at the Springfield store when the order was left. Coal was sold for $7 a ton instead of $10, and all local dealers were forced to lower their rates. Trade rose to $4,700 a month. Scarcely any expenses were allowed. Customers were expected to take home their goods or pay a small sum for carriage. Eighteen large tubs of butter were carried away by hand in one evening. One man did all the delivering, except of coal. There was no taking of orders from house to house and no advertising. Trade was confined to the

Sovereigns. The fee on joining was $2 for men and $1 for women; the monthly dues were fifty cents for men and half that for women. As might be expected, the order grew rapidly.

For greater security of funds it was decided in December, 1874, to incorporate under the Massachusetts coöperative law of 1870, and the act amendatory thereto. A capitol of $4,100 was raised, and subsequently doubled, the stock and fixtures of the old store were bought, and on March 10, 1875, the new company began business. The plan of coöperation, which soon became famous as the "Springfield plan," was a natural sequence to that of the previous store, where goods were sold at cost and the capital was furnished by the local councils. By the constitution of the new company the capital was furnished by the members of the order lending to their respective councils such amounts as they chose, and receiving therefor the council's note, payable at a specified time, with interest at seven per cent. When a council raised, in this way the sum of $100, it elected, by ballot, a member to represent the money, who, on behalf of the council, purchased a share in the corporation, taking the certificate of stock in his own name, but immediately turned over the same to the treasurer of the council as collateral security for the money placed in his hands. The corporation thus formed, elected directors who chose the managers and assistants in the various departments of the store, which were soon established, such as meat, groceries, clothing, boots and shoes. Sales, which were to be for cash and but little above cost, were confined to Sovereigns. As, however, the saving of $3 on a barrel of flour sufficed for a membership fee, the order seemed strengthened thereby. One of its officers wrote in November, 1875: "Our purpose is to save, not make money—and this we believe we are doing, or our business would not have so rapidly increased. Commencing as we did with a stock of only four hundred barrels of flour, some fifteen months since, we cannot but look upon our trade for the present month, amounting to about $12,000, with feelings of mingled pride and satisfaction." Seven per cent. interest was to be paid, and for a time was paid on stock. It was voted in October, 1875, that goods should be sold at a price sufficient to allow of profits not exceeding two per cent. on gross sales, half to be put in a bank as a sinking fund, and half to be given to the councils represented.

Business increased so fast as fairly to bewilder the directors. A new building, with ample accommodations for council meetings and stores, erected on purpose for the order, was dedicated with imposing ceremonies October 19, 1875, and leased to the Sovereigns for $2,400 a year.

The balance sheet for 1876 revealed receipts for sales that year of $134,812.73, thus divided: From groceries, $77,430.21; from coal, $18,486.81; from meat, $33,312.31; from clothing, $5,634.40—a larger trade than that of any other cooperative store of the order, while the membership of the seven councils in Springfield and adjacent towns was over 3,000. But in this very prosperity there were seeds of decay. By attempting to sell at cost, and claiming thus to undersell every other store in town, a fierce competition, pronounced by wholesale dealers at that time to be the fiercest in all Massachusetts, was engendered. Some rivals would offer sugars below cost, trusting to profits on other goods to recompense themselves. Others undersold the Sovereigns on other staples. It still remained true, doubtless, that on the entire monthly trade of a family the cooperative company furnished the best bargains, but the mass of customers, unacquainted with the principles of cooperation, and ignorant of how to make their experiment a success, were led to transfer more and more of their trade to private stores, and finally to withdraw from the Sovereigns altogether by failing to keep up their dues. As the store could only sell to Sovereigns, while they could buy anywhere, trade began a rapid decline.

But there were other causes of failure. The method of raising capital by councils rather than by individuals was joined with a provision that the directors of the store should be elected by the councils, and not by those who in each council contributed to the purchase of shares. In consequence, very much such a state of things existed as is advocated by some socialists, viz.: An industry managed by the votes of a democracy, by far the larger part of which has contributed nothing to the capital stock. Whatever may be the possibilities of such a system, the Springfield attempt was a decided, and it would seem, an inevitable failure. Directors were elected, and managers and clerks in the various branches of the store were chosen who knew nothing of the business. Carpenters and old employés of the United States Armory were suddenly transformed into managers and clerks of a rapidly growing and little understood business. At regular intervals the directors engaged different ones of their number, and sometimes fair bookkeepers, to inspect the accounts of the various agents and managers in the store. Never, I am told by one of the leading directors, did any two inspectors or auditors agree in their report, or find any way of balancing the accounts. Each agent claimed to have a different "system" of bookkeeping. Certainly, no auditor professed to understand the books. After the store failed in 1879, it was found that, contrary both to the constitution and the orders of the directors and without their knowledge, thousands of dollars worth of goods had been sold for credit and never paid for. It is believed on good grounds by some of the directors that dishonesty among the employés was also practiced. When the store was doing a business of $4,700 a month under Mr. Brigham, early in 1875, only two clerks and one team were employed. With little more than twice the trade more than ten clerks and six teams were employed two years later. The expense for labor in 1876 was $7,810.61, and for teams $1,023.51. The total expenses were nine per cent. of the sales, to say nothing of the depreciation of goods on hand. The trade expenses in 1,153 coöperative societies of the United Kingdom in 1883, reporting a trade of £38,089,310, were only six per cent. of their sales. Whatever economy was attempted was in the wrong direction. One thousand dollars were paid to the manager, but many thought even that too high. A mistake was made in attempting too many kinds of business. A costly, stylish lot of clothing and caps were put into the clothing store and met with a poor sale. Attempts were made to amend the constitution. After 1876 manager and clerks were paid a fixed percentage on sales, instead of salary and wages. In April, 1878, trade was thrown open to the public. Already in October, 1876, a committee reported in favor of changing to the Rochdale plan of coöperation to be explained hereafter, but the report was not acted upon until 1878, when a complete change was made in the entire constitution. The Rochdale plan was adopted with sales at regular retail prices, and with a division of profits in excess of three per cent. on capital among customers, according to their tra[illegible] The one hundred dollar shares, broken up into share[illegible]ve dollars each, were to be owned by individuals. But it w[illegible]oo late to stay the downward course. On January 22, 1879, the corporation voted to dissolve, having sunk a large portion of its capital. Coöperation received a blow from which it has not yet recovered in the Connecticut Valley.

Such is the story of many other misguided attempts at coöperation by men too ignorant or selfish or dis-united to coöperate. Yet the Springfield experiment was not wholly a failure. It contributed largely to induce cash trade and low prices in all this section of country, and thus did incalculable good to the laboring classes. Said one of the directors: "Many persons to my certain knowledge, who had always been behind, and thought they could not leave the old store because they were behind, and whom I induced to transfer their trade to the Sovereigns, lived economically and paid their old bills out of what they saved from cash trade with us." So little discouraged is Mr. O. S. Brigham, the pioneer of the Springfield enterprise, and now partner in a large wholesale fruit business, that, in answer to the question whether he still believed a coöperative enterprise could meet the keen competition and low prices now prevailing, replied: "You give me one hundred families who will be true to their best interests and I will beat any store in town."

THE ROCHDALE PLAN.

The Sovereigns seem to have been—not, as they claimed, the first to introduce into America, but—the first firmly to establish here the Rochdale plan of coöperation, which has proved superior to other forms wherever tried, but which, like them, will not "run itself." The essential improvement of this plan over others is in its provision that goods are sold at regular retail prices, and any profits above what is sufficient for a reserve fund and interest on capital are paid to customers annually or semi-annually in proportion to their trade for the period, though stockholders may receive a larger per cent. of dividend on their trade than outsiders. The other provisions, such as shares of small value, limitation of the number which one can hold, and the allowance of but one vote to a stockholder, independent of his shares, are common to other systems.

In his address to the National Association at Washington, March, 1878, President Earle thus referred to some of the superior features of the English system:

> "It is only by the exercise of frugality that the workingman can be enabled to surround himself and his family with the comforts of life. Coöperation will not benefit him if he does not cultivate provident habits. It is because the Rochdale plan of coöperation encourages these habits that I advocate its adoption in preference to all other plans. It is found that of the seven and one-half million of dollars annually saved by the English coöperative societies, about sixty per cent. of this sum of 'dividends on purchases is left in the store and converted into capital.'"

Great efforts were made by the National Council and by its lecturer, John Orvis, to spread a knowledge of the system of distributive coöperation that had proved most successful in England. Under official sanction, to secure uniformity among the councils, a plan for the organization and management of coöperative stores was prepared by John Orvis and widely distributed, for five dollars a hundred copies, a plan which might well be studied to-day by men interested in this subject. Only the omission of a few references to the now extinct organization of Sovereigns of Industry is needed to make it conform to existing conditions. In sending out the plan, the National Council thus summarized it:

"1. Allow but one vote to a shareholder, without regard to the number of shares held.

"2. Shares to draw a minimum rate of interest.

"3. Dividends to be made only on purchases, and that quarterly.

"4. Every member of the order entitled to full dividends on purchases, provided the directors may retain such dividends in their discretion, until the same shall amount to at least one share of stock.

"5. Shares not to exceed $5 each, unless required otherwise by statute.

"6. Dividends to non-members one-half the profits on their purchases.

"7. Sell at current prices—the same price to members of the order and the general public—thus disarming opposition.

"8. Look after the interests of the store as strictly as if the store were an individual property.

"9. Choose persons worthy of your confidence for managers—then give them your hearty support."

It was also provided that the directors could obtain loans for the business of the association by a vote of three-fourths of the shareholders, and to an amount not exceeding two-fifths of the actual capital of the association. Shares could be transferred to any one approved by the directors, but must be first offered to them.

This was the plan on which nearly half of the Sovereigns' stores started, and on which nearly all that succeeded were founded.

SUCCESS AND FAILURE OF THE SOVEREIGNS.

Before describing any of the successful examples of the Rochdale plan in New England it may be well to finish our account of the order of the Sovereigns, which, in spite of its failure as an organization, gave birth to many existing coöperative enterprises. Annual sessions of the order were held from 1874 to 1879 inclusive. From the annual official reports at these sessions, and from the pages of the *Bulletin*, the official organ, which was published for two years in Worcester as a 16-page monthly paper, the following facts and tables are gathered. As it is useful to compare sections, and the matter given cannot elsewhere be found in printed form, I have, in a few cases, exceeded the proper bounds of this paper by including tables or summaries of other states—

	1874.			1875.			1876.			1877.			1878.		
	No. Councils Reporting.	No. Councils Supposed to Exist.	Membership Reported.	No. Councils Reporting.	No. Councils Supposed to Exist.	Membership Reported.	No. Councils Reporting.	No. Councils Supposed to Exist.	Membership Reported.	No. Councils Reporting.	No. Councils Supposed to Exist.	Membership Reported.	No. Councils Reporting.	No. Councils Supposed to Exist.	Membership Reported.
Maine	....	....	552	10	29	1,538	28	48	1,801	24	30	1,051	10	....	580
New Hampshire	....	....	867	9	13	1,115	15	20	940	....	....	....	....	....	....
Vermont	....	....	406	10	11	952	3	14	290	....	....	....	2	....	45
Massachusetts	....	....	9,767	117	156	12,137	60	131	4,024	48	91	3,428	18	....	2,116
Connecticut	....	....	4,855	38	49	3,816	14	38	475	1	20	23	1	....	41
Rhode Island	....	....	2,096	21	26	1,851	5	12	396	7	8	174	3	....	82
New York	....	....	2,234	7	19	516	21	29	1,196	20	35	1,196	8	....	354
New Jersey	....	....	220	15	20	1,046	14	30	1,070	11	15	456	10	....	466
Pennsylvania	....	....	....	48	60	2,967	43	70	2,291	31	74	1,803	20	....	1,203
Ohio	....	....	....	19	31	1,157	33	62	2,403	17	17	1,159	12	....	681
Illinois	....	....	....	4	6	208	1	5	78	....	....	....	....	....	....
Dist. of Columbia	....	....	....	3	8	330	11	11	1,076	....	....	....	10	....	904
Maryland	....	....	....	3	3	61	....	....	....	....	....	....	....	....	....
Michigan	....	....	....	1	5	55	....	....	....	....	....	....	5	....	114
Wisconsin	....	....	....	1	6	14	....	....	....	....	....	....	....	....	....
Minnesota	....	....	....	3	7	206	....	....	....	....	....	....	....	....	....
Kentucky	....	....	....	1	1	24	....	....	....	....	....	....	....	....	....
Elsewhere	....	....	....	....	....	....	22	....	951	11	....	380	2	....	60
Total	....	....	21,019	310	454	27,984	278	470	16,993	170	290	9,673	101	....	6,670

It will be noticed that, at the height of its prosperity in the winter of 1875–6, there were reported to the National Council 27,984 members in three hundred and ten councils. If the same average of ninety to a council held true of the unreported councils, the entire membership must have been over 40,000. Of those reported, three-fourths were in New England and forty-three per cent. in Massachusetts.

Still more interesting, though far less complete, are the trade statistics. In December, 1875, one hundred and one councils reported that they had in practice some method of supplying members with goods. Of these, twenty-six councils distributed goods at cost, twenty gave dividends on purchases. The remaining fifty-four that reported had arrangements, probably with ordinary private stores, for reductions on the cash trade of members. The amount of capital invested in trade and owned by individual members was $30,527; the capital owned by councils as such, $5,197, of which nearly all was returned by the Springfield store. The estimated expense saved by members on account of the influence of the order in reduction of prices and dividends on purchases was fifteen per cent.

In his annual address before the National Council at Syracuse, N. Y., March 20, 1877, President Earle thus reported:

"Out of the number of councils reporting [in the United States] I have selected 94, having a membership of 7,273, that, with an average capital of $684, did a business last year of $1,089,372.55, at an average saving to the members of 14 per cent., or a profit of $152,512, equal to a saving of $21 to every man and woman belonging to those councils. If we reckon the initiation fee at $2, (and for women it is only $1, and we notice that there are 2,812 women already reported as members), and the annual dues at $2 which is a large estimate, we have the net benefit to each member above reported to be $17 for the year. It is safe to assume that the unreported sales during the past year will swell the amount [of trade] to at least $3,000,000, which at the same ratio of profit as above reported would make a saving of $420,000. Again, the returns show that the average capital of each store ($684) has been turned over once in 22 days during the whole year. Our coöperative store at

Worcester, Mass., turned over its capital 25 times the past year, or once in about 12 days."

A large portion of the trade was returned as on the Rochdale plan, with capital owned by individuals, in $5 shares. A capital of $36,796 was furnished by members and $14,234 by councils, $6,800 being in Springfield. Only 41 councils were reported for 1876 as confining their trade to members. The president roundly berated the 141 councils which did not hold "public meetings or sociables," and the 184 which did not have "literary meetings." Education was rightly deemed by the leaders to be quite as essential as organization.

At the next annual session at Washington, March, 1878, the reports of trade statistics were very meagre. Forty-five councils reported an aggregate trade in 1877 of $750,000. Out of the thirty-five councils reporting their capital employed, which amounted to $58,000, thirty-two councils reported their capital as owned by individual members and only three as owned by the councils. Thirty-two stores sold to everybody and eleven confined their trade, which with two exceptions was restricted to "club orders," to Sovereigns only. Next to Springfield, the ten Sovereign stores doing the largest business in 1877, and all organized on the Rochdale plan, were the following—

Location of Store.	Capital.	Trade.
Natick, Mass.,	$2,300	$56,000
Clinton, "	3,600	40,000
Webster, "	2,200	38,000
Greenfield, Mass.,	2,200	38,000
Kingston, "	6,000	33,000
Worcester, "	1,300	28,000
Berwick, Me.,	2,500	30,000
Utica, N. Y.,	2,000	26,000
Birdsboro, Penn.,	2,400	25,000
Akron, O.,	1,600	25,000

Of the above seven in New England, three—at Webster, Kingston and Worcester—survive. I am not informed regarding the other sections. Those ten stores in 1877, with an average capital of $2,630, (all furnished by individual members in $5 shares), averaged a business of $34,000, *i. e.*, they turned over their capital thirteen times a year.

Like many other associations, this of the Sovereigns had grown too fast and been joined by too many ignorant, discordant elements to bear the shock of adversity. The severe and long-continued hard times, from 1874 to 1879, began to tell upon the order. Members unable to get work could not pay cash, and either left the association or induced local councils to grant them credit. Although not fully recognized at the time, this cause is now held by the old leaders of the movement to have caused the downfall of the national organization in 1879–80. The finances were crippled even in 1876, and the members of the local councils were so indisposed to assist in propagandism that the per capita tax to the National Council was reduced from twenty to sixteen cents. Receipts in 1876 fell off thirty per cent., and the services of the able lecturer, John Orvis, now of Jamaica Plains, who had organized scores of councils in New England and the West, were reluctantly dispensed with. The salary of the president was reduced from $2,000 to $1,200, and afterward to little more than living expenses during the days spent in actual service.

Though unanimously re-elected in 1878, President Earle could not longer serve. His strength was exhausted. His patient service had revealed the sincerity of his declaration of the year before, "To me it is a Christian work in which we can conscientiously ask heaven to bless us. Have we the spirit of organization, the resolution to meet difficulties, the courage of self-control, through which alone great movements are made and great reforms are led? Strong convictions precede great actions. He who believes is strong; he who doubts is weak. Clear, deep, living convictions rule the world. The only faith which really saves is that which induces us to save others."

Mr. John Sheddon, of Pennsylvania, succeeded Mr. Earle, but turned his attention more to politics and less to coöperation. But, probably, the dissolution of the order in 1879 would have been inevitable under any guidance. The failure of the national organization did not involve that of the stores, some of which still exist and will soon be considered. The same business depression, however, and lack of intelligent understanding of the benefits and conditions of coöperation, which ruined the national and state organizations, caused the failure of a large number of stores. More than half ceased to be coöperative; but it must be borne in mind that, in many of those that suspended, there was no financial failure. The very prosperity of many of the stores led to the purchase of the stock by a few and a gradual transformation into the ordinary private company.

The reasons of actual financial failure were thus summarised by President Earle in his last annual address, 1878: "Our stores have not failed from any inherent defect in our plan, but because of the injudicious manner in which it was put in practice, or to the treachery of those who tried to turn to their private advantage a project they had originally professed to support." At the last annual meeting of the National Council at Newark, N. J., March, 1879, a committee assigned similar reasons. The incapacity and dishonesty of managers, which they mention, were natural results of the ignorance among the members and their committees, of oversight of the necessary conditions of success, and of the novelty in this country of such experiments, which made it exceedingly difficult to obtain trained managers. It will be noticed that all these are difficulties which time and education may remove, and which have already in considerable measure been removed, as will be seen by the following account of existing coöperative stores.

CHAPTER IV.

EXISTING COÖPERATIVE STORES.

DANVERS COÖPERATIVE UNION SOCIETY.

One of the oldest, as well as one of the most successful, coöperative companies in New England, is the Danvers Coöperative Union Society, which was started in 1865 in the shoe-town of Danvers, Mass., on the principle of the old union stores, viz.: sales at cost to stockholders. Until July, 1869, there were no sales to outsiders. At that time the general features of the Rochdale plan were adopted, although advantage was not taken of the Massachusetts laws of incorporation, to be hereafter described, until January 24, 1880.

The capital, as incorporated, is $5,000, in $10 shares, thus distributed among ninety-eight stockholders:

29	own	1	share	each.	2	own	8	shares	each.
14	"	2	shares	"	7	"	10	"	"
11	"	3	"	"	1	"	13	"	"
7	"	4	"	"	2	"	15	"	"
10	"	5	"	"	1	"	17	"	"
3	"	6	"	"	7	"	20	"	"
4	"	7	"	"					
					98	"	500	"	

No one can hold more than twenty shares. A share is always found for one desiring it. Six per cent. interest is paid on stock. After proper deductions for depreciation are made, ten per cent. of the net profits go with the surplus fund and the rest is given to stockholders in proportion to their trade. These dividends have averaged twelve per cent. in the last six years, never running below nine nor exceeding fourteen per cent. The store trusts, though this is acknowledged to be a bad feature. Some losses result, but the temptation to long credit is removed by a provision of the constitution depriving stockholders of interest for the month if their accounts are not settled as soon as the month expires. All the trade of stockholders, whether for cash or not, is recorded by the storekeeper in his own books and on the small pass-books of the customers, that dividends on trade may be fairly divided. The trade of the 98 stockholders is about three-fourths of the whole. While sales of stock must be through the company, anyone is privileged to purchase. The trade last year was $25,000. It has been more in value, when prices were higher, but never more in bulk. The building which contains the store is owned by the association, and the financial condition is excellent. One delivery wagon is used. Sales are at market prices, and as the non-stockholder gets no dividends on his purchases and may not care to own a share, other grocery stores seem to flourish in the town. The present manager, Mr. C. H. Giles, was appointed in January, 1886, but was previously an assistant in the store for eight years. Five directors audit the accounts, which are open to the examination of all. While waiting in the store for the manager one evening in September, I fell into conversation with one of the directors, who had been interested in the store since its foundation, 21 years ago, and who became very enthusiastic over the possibility of learning something of similar enterprises elsewhere, and of having the success of this store made public for the first time. As many other coöperators have remarked during this investigation, he considered the greatest need of coöperative enterprises to be a better knowledge of the location, methods, and success of each.

Riverside Coöperative Society of Maynard.[1]

This enterprise was begun at Maynard, Mass., a village of 2,700 population, in December, 1875, by the formation of a council of the Sovereigns of Industry, the impulse being the high prices of the necessaries of life. The various systems of coöperation were adopted in turn by this company, and in the order of time in which they have been seen to be prominent in the rest of New England. Members of the council obtained goods at a reduction from the regular retail dealers on presentation of cards of membership. Members then clubbed together and ordered goods from Boston, where they could buy cheaper by retail than at home. Each person sent a list of what he wanted. Goods arrived in town marked for the different parties, and were delivered by team on payment of the cost. This not proving satisfactory, some 30 members subscribed $105 as a fund to start a store. Besides this the income from the fees and dues of members were added, and a store was opened. Goods were sold at cost. The officers of the council attended to the distribution two evenings in the week without pay. Goods sold thus were at least fifty per cent. less in price, Mr. Twomey claims, than goods retailed by the other stores. Business increased in consequence of an increase of members of the council desirous of getting cheap goods. The store had to be kept open every evening, and a man was hired to tend it. This cautious management, which only incurred expense when business actually demanded it, was one secret of success. Soon the growth of the trade necessitated the opening of the store all day. But there was no system as regards capital or shares, those who subscribed not caring whether they lost or not. No interest was given, but a small profit accrued and was divided on the capital. There being a lack of capital for the business, it was proposed to pay seven per cent. interest as an inducement to get money. This had the desired effect in due time. In 1878 the council seceded from the State Council of the Sovereigns, and put its financial status on a firmer basis. The association was reorganized and chartered under the laws of the state, with a paid-up capital of $1,500, divided into 300 shares. Heretofore no one could buy goods save members. Now the store was opened to the public.

---

[1] The assistance of Mr. Michael Twomey, clerk of the company in the preparation of this sketch, is gratefully acknowledged.

The present capital is $5,000, which the association has just voted to increase to $10,000. The loan capital, June 30, 1886, was $10,760.56, on which, of course, the market rate of interest is paid. Shares are $5 each, and one may at present hold from one to sixty shares. The number of stockholders is 260 and rapidly increasing. Six per cent. is allowed on capital. A yearly depreciation of two per cent. on real estate and ten per cent. on fixed stock is allowed. Ten per cent. of the net profits goes to the surplus until that shall amount to thirty per cent. of the capital. The balance of the profits is divided among stockholders according to their trade. Anybody may join the association on recommendation of the board of directors, by depositing one dollar towards a share of stock. This secures his dividend on trade, which is retained by the association until the share is paid for. All the employés, six in number, have to be shareholders. They are paid a fixed salary, and discharged by the directors if inefficient. The present manager had previous experience in managing business.

Some of the regulations governing the action of the directors and the managers, if adopted more generally in coöperative undertakings, would increase the chances of success:

"They (the directors) shall meet once in every two weeks at least, and oftener, if necessary. They shall have the power of removing the clerk and treasurer for malfeasance in office, or for other good cause. On or before the fifteenth of each month they shall make a statement of the receipts and expenses of the association for the previous month, and a correct copy of the same shall be hung in a conspicuous place in the store for the inspection and information of the members."

In these quarterly reports the attendance of each director at all these meetings is noted.

"The board of directors shall appoint a manager to conduct the business of the association, subject in all things to their direction and control. They may grant him such authority for the use of the money of the association for the purchase and sale of goods as in their opinion the interests of the association demand, and they may enlarge, reduce or cancel such authority at any time. They shall require said manager to keep a correct account of all his receipts and expenditures of money of the association and of all business of said association transacted by him or under his direction. They shall make, or cause to be made, a thorough examination of said manager's books at least once a month, and see that the association is in no way wronged by him. They shall also hire such number of helpers for said manager as in their opinion may be required for the prompt transaction of the business of the association. They shall fix the salaries of said manager and his helpers, and shall have power to discharge or suspend them at any time. They shall also require said manager and helpers, who must be stockholders of the association, to give good and sufficient bonds, acceptable to said board, for the faithful performance of their trusts. They shall cause the manager to turn over his surplus money to the treasurer at least twice a week."

Orders are taken and goods delivered, two horses being employed for the purpose. No secrecy is necessary. Still, few of the customers know the cost of the goods.

Very little trusting is done, unless to accommodate for a few days. The greatest drawback is that the association put up a large building costing $15,000, the income from which is not sufficient to meet the interest, insurance and other expenses, thereby taking a large part of the profits which would otherwise go to dividends on trade and help increase the business. Goods are now sold at a reasonable margin of profit, and prices are the same to all. The fifteenth semi-annual report for the six months ending June 30, 1886, is a model of its kind. The sales were $18,331.26, a gain of $2,031.23 over the preceding half year. As this increase continues, the next year's trade will be about $43,000. About one-ninth of the sales are dry goods and the rest groceries. Besides adding $73.02 to the surplus, which now amounts to $916.63, a dividend of three per cent. on purchases was declared. The sales for the year ending June 30, 1887, were $51,477.60, an increase of fifty per cent. The lesson conveyed in the following words of one of the directors and officers of the association is noteworthy:

"In our town is a woolen mill employing 1,000 hands, which commenced paying weekly wages on the first of May, and the sales at our store have steadily increased every month since. Previously it was monthly pay, and all the other stores trusted and charged higher prices than we did. Consequently, when people could handle their pay oftener, they went where they could get cheaper and better goods, which is the cause of our increase. During the ten years of our existence we have saved over $10,000 for our members. . . . . We were strongly opposed by the other storekeepers for a long time, and they tried to boycott and slander us all they could, but now finding themselves on the verge of ruin, with their trade almost all gone, they have nothing to say."

THE ARLINGTON COÖPERATIVE ASSOCIATION.

The last distributive association on the Rochdale plan to be described in these pages is at Lawrence, Mass. Although only the second year closed October 27, 1886, the success achieved well shows what intelligent workingmen can do in this direction. The clerk, Mr. Geo. Dewhirst, writes: "We find no difficulties in management, many of us being familiar with the Rochdale plan. We do not rely solely upon a professional manager," yet the present manager was trained in England to his work. The association, whose first year's history has been well described in the Massachusetts Labor Report, issued in March, 1886, is no longer confined to employés of the Arlington Mills, but is open to membership from the general public on nomination by a member and acceptance by the board of directors. Shares are $5. After paying five per cent. interest on capital and ten per cent. of the net profits to the reserve fund, which is invested in stock of the Arlington Mills, until there is a surplus of 30 per cent., the balance is divided on trade, one-half as much going to non-members as to members. The number of members grew from July 1 to October 1, 1886, from 308 to 351, and the paid-up capital from $4,360 to $5,755. During this quarter the gross sales were:

On merchandise	$9,637 97
" dry goods	233 77
" boot and shoe account	640 42
" fuel	2,226 02
	$12,738 18

A dividend of eight per cent. to members and four per cent. to non-members was given. The directors in their report earnestly request members to allow their dividends to remain to their credit, saying: "This is one of the best and surest ways for workingmen of small means to accumulate savings."[1]

Acting on the suggestion of Mr. Dewhirst, one of the directors, that a copy of the balance sheet of this corporation for the quarter ending September 30, 1886, would be of much help to would-be coöperators, it is given in the following table:

---

[1] The sales for the second quarter of 1887 were $16,828.53; the paid-up capital had grown to $6,715, and the membership to five hundred and five. Mr. Dewhirst writes that the report to be issued in October, 1887, "will show one of the best results ever attained by a young association in this country."

TREASURER'S REPORT FOR QUARTER ENDING SEPTEMBER 30, 1886.

CASH.

Dr. RECEIPTS.		Cr. DISBURSEMENTS.	
Cash on hand July 1	$ 1,616 04	Purchases	$9,319 79
Sales	12,738 18	Salaries	599 10
262 new shares	1,310 00	Expenses	344 76
Shares made up	42 90	Fixtures	261 90
Installments received	33 60	Real estate	1,250 00
Admission fees	23 50	Interest and dividend paid	428 54
Educational fund	91 00	51 shares cancelled	255 00
		Non-members' dividend	15 73
		Cash on hand	3,380 41
	$15,855 22		$15,855 22

PROFIT AND LOSS.

Dr.			Cr.	
Salaries		$ 599 10	Profit on sales	$2,106 24
Interest to October first		59 66		
Taxes and insurance		26 06		
Depreciation on fixtures		56 90		
EXPENSES.				
Traveling expenses	$ 19 76			
Gas	14 72			
Ice	36 00			
Rents	71 00			
Horse hire and keeping	120 32			
Repairs on wagon	25 27			
Printing and stationery	33 00			
Sundries	24 69			
		344 76		
Dividend to members, October 1		877 52		
Dividend to non-members		15 72		
Sinking fund		126 50		
		$2,106 24		$2,106 24

TREASURER'S REPORT FOR QUARTER ENDING SEPTEMBER 30, 1886.—Continued.

LEDGER BALANCES.

Merchandise in stock	$2,304 71	Sinking fund		$1,200 00
Dry goods in stock	161 40	Share capital, 1151 shares		5,755 00
Fuel in stock	442 55	Educational fund		91 00
Fixtures	800 00	Installment accounts		64 22
Real estate	1,350 00	Interest and dividends for previous quarters remaining uncalled for	$271 67	
Cash	3,260 41	Interest quarter ending October 1, 1886	59 66	
		Members' dividend	877 52	
				1,208 85
	$8,319 07			8,319 07

Respectfully submitted,

FRANK FARR, *Treasurer.*

Examined and found correct.

GEORGE HARTLEY, *Auditor.*

In accordance with the custom begun a year ago, we tabulate below the summary of the year's business by quarters. The average capital for the year, measured by the amount of interest paid, equals $3,840.

QUARTERS—13 WEEKS EACH.	Total Sales.	Gross Profits.	Salaries, Expenses & Interest.	Net Profits.	Dividend Divided.	Carried to Sinking Fund.	Interest Paid on Capital.	Total Return on Capital.
Fifth..........	$10,543 00	$1,832 64	$1,029 17	$ 803 47	$684 05	$119 42	$39 24	$ 842 71
Sixth........................	11,547 74	2,140 15	1,085 12	1,055 03	830 03	225 00	43 67	1,098 70
Seventh....................	10,556 02	1,981 48	1,089 40	892 08	711 08	181 00	49 50	941 58
Eighth......................	12,738 18	2,106 24	1,086 50	1,019 74	893 24	126 50	59 66	1,079 40
Totals....	$45,384 94	$8,060 51	$4,290 19	$3,770 32	$3,118 40	$651 92	$192 07	$3,962 39
Totals last year, 54 weeks.	38,194 94	6,120 04	3,846 98	2,273 06	1,949 98	323 08	173 24	2,446 30
Totals for two years	$83,579 88	$14,180 55	$8,137 17	$6,043 38	$5,068 38	$975 00	$365 31	$6,408 69
Percentages for this year..		17 76-100 per cent. on sales.	9 45-100 per cent. on sales.	8 31-100 per cent. on sales.	3 per cent. on members' checks and 4 per cent. on [illegible]	17 29-100 per cent. of net profits, besides indivisible fund.	5 per cent. per annum on capital.	103 18-100 per cent. on average capital.
Percentages for last year..		16 2-100 per cent. on sales.	10 7-100 per cent. on sales.	5 95-100 per cent. on sales.	[illegible] per cent. full. [illegible] per cent. half.	14 21-100 per cent. of net profits, besides indivisible fund.	5 per cent. per annum on capital.	[illegible] per cent. on average capital.

We would recommend our members to carefully compare this table in detail with the one given in the fourth quarterly statement. You will readily see the progressive gain. The rapid growth in membership and share capital during the past quarter is an excellent indication of future prosperity.

Number of members July 1st, [illegible]............ [illegible] | Share capital paid up.................... [illegible]
Number of members October 1st, [illegible].......... [illegible] | Share capital paid up.................... [illegible]

In accordance with permission granted your board at last quarterly meeting, we have purchased land and are now erecting coal sheds along the B. & M. R. R., near Manchester street. We hope this will enable us to avoid the difficulties we have heretofore found in supplying coal.

Respectfully submitted,

WM. D. HARTSHORNE, *President.*

As the other coöperative stores of Massachusetts conducted on the Rochdale plan closely resemble in their general features the three stores just described, it is unnecessary to do more than refer to the peculiar features of each, reserving all statistical matter to the table on Distributive Coöperation at the close.

THE NEW BEDFORD INDUSTRIAL COÖPERATIVE ASSOCIATION.

This company, which has been paying equal trade dividends to all, now pays but half as large a per cent. to non-members. This latter plan is generally thought to encourage more strongly the ownership of stock. Any purchaser wishing to become a member and to receive the full amount of dividend on his purchases, can do so on payment of one dollar on account for a share, and by subscribing not less than one dollar a quarter, or allowing the dividend to remain until one share of $10 is paid for. Special effort is made to have all shareholders trade in the association. As most of the customers are working people, and receive their pay weekly, one week's credit is given.

The secretary, Wm. Reynolds, writes:

> "For the whole ten years we have been in existence we have lost, I think, about $600; five-sixths of that amount was lost in the first six years. Up to within three years and a-half we suffered a good deal through changing of managers. The present manager took charge three years and a-half ago, and has given good satisfaction. He is a member who feels as much interested in the prosperity of the association as he does for matter of wages."

A small but successful store is that in the little village of Silver Lake, in the town of Kingston, Mass., where $3,200 have been distributed in trade dividends, and the legal reserve of $800 accumulated since the opening of the store under the auspices of the Sovereigns of Industry, June 14, 1875. The manager, Henry B. Maglathlin, writes: "The greatest drawback is the want of a coöperative sentiment in the community, and the poverty of the people, which does not allow their trading at a cash store." In the constitution and in the last report occur these important words:

> "A true coöperator has three qualities—good sense, good temper and good will. Good sense to dispose him to make the most of his means; good temper to enable him to associate with others, and good will to incline him to serve them and be at trouble to serve them, and go on serving them, whether they are grateful or not in return, caring only that he does good, and finding it a sufficient reward to see that others are benefited through his unthanked exertions."

The only novel feature of the Lowell Coöperative Association, which has been very successful since its organization by the Sovereigns in 1876, is the provision of the by-laws, that any person on payment of twenty-five cents, if approved by the Board of Managers, may have placed to his credit three-fourths of the per cent. paid to full members on their trade checks. When it amounts to a share, a certificate of stock is issued. Some trusting is done. The officers state: "We find it an evil and are doing our utmost to abolish it."

THE PLYMOUTH ROCK COÖPERATIVE COMPANY,

paying eight per cent interest on stock, as well as trade dividends of about six per cent., and the Sovereigns' Coöperative Association of Worcester, Mass., which have been in operation since 1877 and 1875 respectively, present no distinctive features.

THE PROGRESSIVE COÖPERATIVE ASSOCIATION, OF WORCESTER.

Almost opposite the building of the Sovereigns' Coöperative Association is that of the Progressive Coöperative Association. In fact, in this home of President Earle and of the Sovereigns, there are to-day five prosperous coöperative stores, two being conducted by and for the Swedes of the city, with an increasing trade from year to year. The Progressive Coöperative Association, started in May, 1883, with $525 in 65 shares, has now a capital of $4,000 in the hands of 99 persons. The sales in 1884 were $23,000; in 1885, $37,000. After paying five per cent. interest on capital, and reserving somewhat for other purposes, the rest of the profit is divided among stockholders *pro rata* on their trade. A ten per cent. dividend was thus given in 1885, and a dividend of about fifteen per cent. was declared in January, 1887. Goods, it is claimed, are sold a little under regular prices. One man with a large trade took a $10 share and left all dividends and interest, as many do, in the store, and January 1, 1886, after two years and four months, it amounted to $118.43. A dozen at that time had received over $50 on a $10, or in some cases $5 investment. Whenever the directors desire to increase the number of stockholders without increasing the stock, they may, after thirty days' notice, enforce the withdrawal of the excess over 20 shares owned by any stockholder.

THE WEBSTER COÖPERATIVE ASSOCIATION.

The most interesting survival of the Sovereigns is in the manufacturing town of Webster, Worcester county, Mass, Here Artisan Council No. 95, of the Order of Sovereigns of Industry, formed December 15, 1874, still retains its organization, and holds its meetings at regular times, for social relaxation and for study of coöperative methods, with almost, if not quite, as much devotion to the cause as if the national and state organizations of this once flourishing order were not six years ago things of the past. The old initiation fee of $2 for males and $1 for females, and annual dues of $1.40, are still collected for the use of the council of 330 members, all of whom own, as a condition of membership, one or more of the 860 five-dollar shares which constitute the $4,300 capital of the store. Groceries, meal, crockery and wooden-ware are sold. Applicants for membership must be approved by an investigation committee of three, and receive less than three adverse votes on secret ballot by the council. Last year a dividend of $3,750 on trade was declared, being a return of nine per cent. on the trade of the council. The first manager was inexperienced and unsuccessful. The remaining two were experienced and successful. The third and present manager, Mr. Joseph Arnold, who was chosen on the death of his predecessor, "has had twenty years' experience," writes Mr. J. Reilly, one of the directors, "hence the success of the last three years."

ACUSHNET COÖPERATIVE ASSOCIATION.

This company, located at New Bedford, Mass., I have not, unfortunately, been able to visit, but the treasurer, Mr. Sylvanus Bennett, has given me a few facts about this interesting enterprise. Beginning in September, 1859, and therefore third in age of the coöperative stores in New England, it has gradually gained in strength, until now it has a capital of $6,875 in $25 shares, owned by 107 shareholders. There is also a surplus amounting to $5,288. During the last seven years, beginning with 1880, the dividends on this capital have averaged 27 per cent. Since 1869 the dividends paid have amounted to $38,088. There is no dividend on purchases. The secret of this great success is partly the way expenses have been kept down. With a trade of from $60,000 to $70,000 annually, no team has been run, and only $3,000 has been spent for labor. A very little trusting is done, but so carefully that only $400 has been thus lost in the past twenty-seven years.

CONNECTICUT STORES.

There are coöperative stores at Torrington, Birmingham and New Britain, Ct. THE TORRINGTON STORE, with a yearly business of $6,000, has a novel method of dividing profits. After paying seven per cent. on the $8,000 capital, the per cent. borne by the profits to the total trade is determined, but that part which might thus go to those not financially interested in the store is not paid them, but put into the surplus fund, which now amounts to $3,500. The financial supporters of the store who receive dividends on purchases are of two classes—stockholders and patrons. A patron is one who has paid $2 to the company. He has no vote among the stockholders, but has an equal percentage of dividend on his trade. His $2 fee goes into the surplus funds. This company began as a branch of the Sovereigns in 1874, and was organised as a store in 1875 with $1,000 capital. This was increased as above in 1881, when the store organised under the joint stock laws of Connecticut. No one can hold more than twelve shares. The secretary, Mr. Herman W. Huke, writes that the dividends on purchases to stockholders and patrons has averaged five and-a-half per cent., payable semi-annually, for the four years ending January 1, 1887. The company never has changed the manager. Trade, except in very rare cases, is all cash.

The Sovereign Trading Association at Birmingham, Ct., has a yearly trade of $15,000 and a capital of $1,050, besides a surplus. The par value of a share is about $10.50; "the inventory value is $55 and no share for sale," writes the president, Mr. W. V. Bowman. The 84 shares are in the hands of as many stockholders. Goods are sold at a low price to all for cash. No dividends are given, even to stockholders, but they receive ten per cent. discount on all purchases. These discounts often exceed in one year the entire par value of the stock.

The Sovereigns' Trading Company, dealers in groceries and meats, at New Britain, Ct., with a trade of about $75,000, declares no regular dividends on the 200 shares held by its 200 members. Ten per cent. dividends are paid on purchases to members, and five per cent. to non-members. On recommendation of the board of directors and the vote of a majority of the members, a dividend may be paid on the stock. Seventeen dollars and fifty cents a share was thus paid in 1885, but this was unusual. The regular guaranteed dividends on purchases is found to be sufficient inducement to the ownership of stock. Membership, which is limited to 200, is always full. Business was begun on this plan in 1876 with $250 capital. The inventory in July, 1886, revealed assets of $12,700. The president, John B. Dyson, writes: "Our trade is increasing. We opened up in August last (1886), a coal and wood yard. Our store is reckoned among the leading stores in the city. Our prices are used and quoted by other dealers, so that we virtually set the prices."

MAINE STORES.

At least two of the existing coöperative stores in Maine (and probably more), were started by the Sovereigns: THE LEWISTON COÖPERATIVE SOCIETY of Lewiston, and THE DEXTER COÖPERATIVE STORE of Dexter, Maine, which pay interest on capital and dividends on the purchases of stockholders. The Dexter store, with $4,000 capital, has paid from 4½ to 12 per cent. dividends on the trade of its 188 stockholders, and reports a growing business.

THE LISBON FALLS COÖPERATIVE ASSOCIATION of Lisbon Falls, Me., organized February 16, 1885, with a present capital of $6,425, has increased its trade in groceries, boots and shoes in eighteen months from $350 a month to $2,000 a month, and has been compelled to put up a building of its own, known as the Coöperative Block. Dividends are paid on the purchases of members. Three provisions of the constitution are worthy of notice, though one or more may be found in several other coöperative stores. Credit is given to members for thirty days to the extent of four-fifths of their capital invested. In declaring dividends on trade the directors may exclude from a participation in the profits the sales of such articles as yield little or no profit to the association.

The following announcement is made to other stores:

"We wish it distinctly understood by traders and business men that it is not our intention to run down prices by excessive competition, as that would be a violation of one of the essential principles of the coöperative system, because, if excessive competition, by depreciating the price of labor's products is right in theory, on the same principle it would be perfectly right to depreciate labor's wages.

"We take our stand in the market with the intention of doing business in competition with others, on fair and honorable terms, and shall sell at the current rate, but if dealers undertake to run us in prices, they must not find fault if unpleasant consequences should result from their coming in competition with a powerful combination of workingmen."

For the seven months ending September 15, 1886, a dividend of fifteen per cent. was paid on $8,497, the amount of the members' purchases, which was four-fifths of the whole trade.

KNIGHTS OF LABOR STORES.

In many places in New England the Knights of Labor organized during 1886 coöperative stores, but they have not yet been running long enough for one to judge of their prospects of success.

THE CLINTON KNIGHTS OF LABOR COÖPERATIVE SHOE STORE belongs to the three Knights of Labor assemblies of Clinton, Mass. They put in $600 capital and opened a store the first of December. In the first four weeks $600 worth of goods were sold. Any profits will go to the local assemblies, but the peculiar feature of the store is the reduction of ten per cent. in price to all members in good standing. Whatever may be the fate of the store, the effect upon the local assemblies has been remarkable. Whereas before the opening of the store many members were backward in payment of their dues, now the 1,500 Knights are prompt in payment, that they may show their membership cards and obtain their discounts at the store.

SWEDISH STORES.

THE SWEDISH MERCANTILE COÖPERATIVE ASSOCIATION of Worcester, Mass., began December 1, 1884. It now has a capital of $2,300 in 65 shares, owned by about 96 persons. The first year no dividends were declared, but in 1886, in a less expensive though good location, under the management of Mr. A. Johnson, a dividend of ten per cent. was paid to the stockholders. The trade was $19,000, but there is no dividend on purchases.

Older by two years than the above is the FIRST SWEDISH COÖPERATIVE COMPANY of Quinsigmond, a suburb of Worcester. A dividend is here paid on trade, the annual trade amounting to somewhat over $30,000. Six per cent. interest is paid on the $3,000 capital.

ADAMS COÖPERATIVE ASSOCIATION.

Coöperative stores on the most approved principles are constantly opening. One of the most promising is the Adams Coöperative Association, for the sale of meat, at Adams, Mass. With 300 five-dollar shares in the hands of 175 members, and a trade already of $1,200 a month, although only opened September 28, the directors, December 17, 1886, wrote that they found the profits for the first quarter 18¾ per cent. on the capital. After paying six per cent. interest on the capital the remainder was to be divided according to purchases—non-members receiving half as great a per cent. as members.

RATIO OF EXPENSES TO TRADE.

It will be noticed that the rent is only $284 a year, the wages for a trade of $30,000 are less than $2,400, and the entire running expenses for the last quarter, including taxes, insurance and a liberal allowance of $56.90 for depreciation on fixtures, but not including interest, were only eight per cent. of the sales. All directly concerned in coöperative stores should mark this carefully, as lavish expenditure for rent, teams, numerous employés and a "stylish" appearance wrecks more coöperative enterprises than any other cause. The idea of coöperation is substance rather than shadow—the best and purest goods—not display. One of the greatest savings of coöperation comes from the fact that costly plate glass show-windows, location on a main street, employés enough to be able to wait at once on all customers in the busiest hours of the day, and teams to carry home every small article, are not necessary to attract custom. If such be necessary, the first steps in coöperation have not yet been taken. A good, clean, wholesome store, in a reasonably convenient location, and one or two teams to deliver heavy goods, are of course requisite. But where a market is already secured among those banded together in a coöperative experiment, the need of these expensive means of advertising just referred to should no longer be felt. The very essence of coöperative distribution is the dispensing with the wastes of present competitive business. I had not proceeded far in this investigation before discovering that uncalled-for expenditures for rent, wages and other items was the immediate cause of most failures among coöperative enterprises. With the object, therefore, of determining the percentage which all running expenses, including rent, wages, teams, heating and lighting, ice, water, taxes, insurance, etc., could safely bear to trade, the accounts of 11 successful companies were obtained. Where the store was owned by the company, the rent which would have to be paid for it, if in other hands, has been included in the expenses. The results are given in the following table:

Name of Company.	Location.	Annual Trade.	Expenses.	Percentage of Expenses to Trade.
Industrial Coöp. Asso.	New Bedford, Mass.	$44,803 11	$3,832 95	8.56
Natick Protective Union.	Natick, Mass....	100,176 00	7,869 32	7.8
Beverly Coöp. Asso.	Beverly Mass....	124,901 00	8,124 47	6.5
Sovereigns' Coöp. Asso.	Worcester, Mass.	28,000 00	2,500 00[1]	9.0
Coöp. Store Co. of Silver Lake.	Silver Lake, Mass.	10,288 01	817 00	7.8
Progressive Coöp. Company.	Worcester, Mass.	38,015 00	3,061 83	8.0
Riverside Coöp. Asso. of Maynard.	Maynard, Mass..	36,000 00[1]	3,530 00[1]	9.6
Danvers Coöperative Union.	Danvers, Mass..	10,028 14[2]	804 02[2]	8.0
Plymouth Rock Coöp. Co.	Plymouth, Mass.	42,000 00	3,580 00[1]	8.5
Division 108........	Salmon Falls, N. H.	48,000 00[1]	3,840 00[1]	8.0
Lisbon Falls Coöp. Asso.	Lisbon Falls, Me.	24,000 00[1]	1,440,00	6.0
Aggregate..........................		$507,106 28	$39,423 50	7.7

[1] Approximately.
[2] From June 30, 1886, to December 31, 1886.

Thus in eleven representative and successful coöperative stores, selected without regard to any favorable showing in the matter of expenses, the average percentage of running expenses to trade is 7.7. That is, trade is thirteen times expenses. The highest percentage, 9.6 at Maynard, is partly due to the confessedly unwise action of the company in erecting and occupying a too expensive building. Even in that case the trade has to be over ten times the running expenses to insure dividends to purchasers. While preparing the above table, the writer was invited to address a company of would-be coöperators who were about engaging to pay $500 rent and other expenses to the amount of over $2,000, without a probable trade of more than seven times this expenditure. Fortunately the leaders of the proposed enterprise accepted the logic of facts and will probably begin in a more humble and at the same time more promising way. It cannot be too persistently urged that expenses should not exceed one-twelfth of the assured trade.

BEVERLY COÖPERATIVE ASSOCIATION.

It is sometimes held that no form of coöperation save the Rochdale plan, can live. We have seen conspicuous instances to the contrary, though few in number, in the survivals of the old Protective Union stores which sold at cost. The Beverly Coöperative Association, organized at Beverly, Mass., by the Sovereigns in March, 1875, is another instance. This store, which has grown from a capital of $108 to $7,000 in $25 shares and has an annual trade of $124,900, sells at a very little above cost to everyone and has never tried to earn a dividend. The manager, Mr. B. Larcom, Jr., who was previously a carpenter, seems to have been just the man for the place. He has known how to undersell every store, even if this necessitated selling below cost on some goods, and to make up any losses by higher prices on other lines of goods. By careful calculation all expenses are met, and the stock to-day commands a large premium because of the surplus of $7,445.98, which has been accumulated and invested in the business. Only one share can be owned by a person. The stockholders are chiefly American mechanics, but hundreds of others, rich and poor, trade at the store. A branch store has just been opened; meat as well as groceries are sold, and the trade for the year 1886 was $45,000 in excess of the year before.

COLLEGE COÖPERATION.

HARVARD COÖPERATIVE SOCIETY.

This society was organized by the Harvard students in March, 1882, and has been the model of college coöperation, having been followed by the University of Michigan, Yale, and the Massachusetts Institute of Technology. All members of Harvard University, of the Society for the Collegiate Instruction of Women, or of the Episcopal Theological school, are eligible to membership on payment of a fee of $2.50 for rent, clerical expenses, etc. October 25, 1886, the membership was seven hundred and twenty. The society is governed by a president, treasurer and eight directors, appointed as follows: two from the Law School, one from each class in college and one each from the faculty and the Divinity School. The society pays the college an annual rent of $350 for rooms in Dane Hall, and sells for cash and at cost to members, books, stationery, crockery, tennis goods, and other articles of general student use. Wood and coal are delivered, and books are imported from Europe. Second-hand furniture may be sold for the students on a small commission, and every student, whether member or not, is invited to purchase such. Professors often coöperate with the society by giving in advance a list of the books to be used by their classes. The annual cash business from March, 1882 to March 1886, averaged $30,000, and is growing. The trade for September and October, 1886, was $12,000. The manager and assistants are salaried. The subscriptions that helped to start the enterprise have been refunded. An average of five per cent. net profit is made and invested in business. The society now has $1,650 thus invested aside from the fixtures. Henceforth credit will be given to all members who will deposit cash or other securities and who will file an acceptable bond, signed by two bondsmen for not less than $100. Besides this, a large list of associated tradesmen is given in all lines of business where members may obtain reductions of from five to thirty per cent. from regular prices for cash on presentation of their membership ticket.

YALE COÖPERATIVE SOCIETY.

This society, organized February 14, 1885, is so much like that at Harvard as to need no detailed description. The membership has grown from two hundred and fifty to over five hundred. The trade at the cash store is from $10,000 to $15,000 a year. The yearly fees, recently reduced to one dollar, contribute to the running expenses, and only enough addition is made to wholesale prices to cover the remainder of the expenses. Cash trade is also promised to tradesmen, who sign a bond of $100 to give certain reductions to members. Tradesmen are usually very willing and eager to do this. From trade with these associated tradesmen, two hundred and fifteen students reported an average saving in 5.7 months of 1885–6 of $10.89, while the savings in this way and at the store ranged from $25 to $75. Not only in the matter of selling goods at almost wholesale prices, but in various other ways, such as delivery of college papers and periodicals, publishing notices, checking baggage, furnishing free telephone connections, etc., is the association of great benefit to the college. At New Haven an association of citizens was organized in imitation of that at Yale, and for cash obtains similar privileges.

THE M. I. T. COÖPERATIVE SOCIETY.

In April, 1886, the students of the Massachusetts Institute of Technology organized a coöperative society, with twenty-five cents annual dues, which now embraces six hundred students, or more than three-fourths of the entire number. No store has yet been opened. The members obtain discounts as at Harvard and Yale from associated tradesmen. In all these cases the names of the traders are printed and the discounts given, but some care is taken not to publish it abroad in the community, and thus arouse the unfavorable comment of other customers.

THE BEST FORM OF DISTRIBUTIVE COÖPERATION.

So many have asked the writer during the course of this investigation what was the best form of coöperative stores, that at the risk of repeating a little of what has gone before

I venture to refer to what have been found important features. The Rochdale plan is to be preferred, with its dividends on purchases, limited number of shares of five dollars each in the hands of any one person, equality of vote of all stockholders, market prices for pure goods and exclusively cash trade. Expenses should not exceed one-twelfth of the trade. Greater percentage of dividends on trade should be given to stockholders than to outsiders, but any one should be entitled to that full dividend on depositing one dollar toward a share. The dividend, however, should not be paid such a one, but should be added to his credit, until in that way, and by direct payment, a five-dollar share is paid for. By such means men are encouraged to save. Provision should be made in the by-laws for withdrawing at face value the shares in excess of, say ten, or even three, as the directors may see fit, that may be in the hands of the largest stockholders, the exact ones from whom stock is to be withdrawn being decided by lot when such a measure may be necessary to provide shares for those who are without any and who may be desirous of purchasing. By this means a coöperative company will not only exert a wide influence, but will attach to itself a much larger trade than if its stock fell into the hands of a few. It is to be hoped that the time will soon come here, as already in England, when the surplus funds of the retail coöperative stores of a state will be invested in a large wholesale store, which shall grant dividends on its sales. As soon as productive coöperation on the plan of profit-sharing with all employés, as soon to be described, has gained a firm foothold, such enterprises will also furnish places for the investment of surplus funds. Thus the patrons of the coöperative stores may be encouraged to allow a large part of their dividends to remain in good investments, that shall both bring them good returns and at the same time spread the benefits of coöperation.

CHAPTER V.

PRODUCTIVE COÖPERATION WITHOUT DIVIDENDS TO LABOR.

Thus far only that form of coöperation has been considered which is usually known as distributive coöperation. As the simplest, most easily managed and requiring least capital, the store is among all English speaking peoples the first form of coöperative enterprise. Many varieties may exist; the advantages of the system may be confined to shareholders, albeit a large number, or opened to every one, and the benefits may be in the form of low prices or dividends on purchases; but saving to consumers is the cardinal object of all reforms in distribution.

Productive coöperation, wherein the laborers own much of the capital and have a voice in the management, is more ambitious, and if it prove capable of such expansion as its advocates claim, will contribute largely to solve the labor problem. The importance and difficulties of productive coöperation were well described by President Earle of the Sovereigns of Industry, in his annual address in 1877, when he referred to it as "the very battle-ground on which the true principles of the grand movement are to be fought out, where the conflicting interests of capital and labor are to be equitably adjusted and, it is to be hoped, permanently settled. The conditions of coöperative production are, however, more complicated than those of distributive, and it will take time and patience to discover all the methods whereby every person engaged in a manufactory shall be induced to do his best in making himself a partner in the surplus profits. What avails the successful operations and the increasing trade of distributive societies, if the relative position of capitalist and laborer, the employer and the employed, is to remain the same, and the poor toiler is still to be satisfied with the little he can obtain in the general scramble for the wealth which his labor produces?" He advised the stores to invest funds and give their patronage to coöperative manufactories.

The Sovereigns, however, as an organization, went to pieces before the above ideas could be carried into effect.

The first coöperative productive company in New England seems to have been the Boston Tailors' Association Union, organized in 1849 with fifty dollar shares. The stockholders received interest. Those who were at the same time stockholders and workers for at least three months of that year voted on the division of the profits, as appears by the Massachusetts Labor Bureau Report of 1877. Profits were divided annually by this vote among the workmen according to the amount of labor each performed. Sales were for cash. The association thus carried on operations for a few years. Many other such companies, chiefly in the manufacture of cigars, have had a more or less prosperous existence, but little trace of them remains.

SOMERSET COÖPERATIVE FOUNDRY COMPANY.

The oldest example of productive coöperation which has survived to the present is the Somerset Coöperative Foundry Company, organized at Somerset, Mass., October 18, 1867. It may be called a joint-stock coöperative company, if such a name is admissible, since it combines the coöperative principle of large ownership of stock by workmen in small shares and with equal vote in the management with the joint-stock principle of dividing profits wholly on stock. The companies of this character in Massachusetts were so thoroughly investigated and ably described in the report of Mr. F. H. Giddings in the Massachusetts Labor Report of 1886, that no attempt at further investigation of them has been made. From Mr. Giddings' report it appears that the Somerset Foundry Company, with $30,000 in $100 shares, owned by forty-eight stockholders, has been turning out an annual product of $75,000 and paying a dividend of ten per cent. since 1880. The foundry had been run at a loss in private hands until these moulders bought it up and made it pay dividends after the first year. Thirty of the forty-eight stockholders are employed in the business, and such are given the preference in hiring men. The management can discharge any stockholder, if a poor workman, but have not been obliged to do so. Most of the work is by the piece. Equal wages for equal work are paid to all employès, whether stockholders or not. To quote from the report: "Members individually and the management, as such, declare that they are satisfied that stock owning improves the quality and increases the quantity of work accomplished, and that this goes far to account for the success attained." The members are of steady, saving habits and generally excellent character. The management, as in nearly all coöperative enterprises considered in this work, is in the hands of directors who choose the necessary officers, in this case an agent, treasurer and foreman, subject to the directors.

East Templeton Coöperative Chair Company.

This, the second oldest existing coöperative manufactory in the state, was organized October 19, 1872. It has a capital of $20,000, in two hundred shares, in the hands of thirty-eight persons, mostly of New England birth and descent. Fourteen of these, with ten non-shareholders, are emyloyed by the company. The value of the product is about $50,000. Dividends of five and six per cent. are paid in prosperous years, and few losses are incurred. A large working capital of about $1,000 to every employé is considered essential. In this, as in other successful coöperative companies, there have been few changes of management.

The Stoneham Coöperative Shoe Company.

This company, of Stoneham, Mass, where three other coöperative boot and shoe enterprises are located, was organized January 9, 1873. It now has a capital of $20,000, in eighty shares, in the hands of fifty-seven stockholders. Of these, twenty-five work in the mill, and nearly forty others are employed. The stockholders are said to be of all nationalities, and to have always worked harmoniously together. The annual product is $150,000 and the dividends since 1878 have been 17, 15, 15, 21, 20 and 6 per cent. The best workmen are employed, whether stockholders or not, but the agent can discharge none of the former without the consent of the directors. The treasurer believes that $3,000 capital must be had for every case of shoes made for the jobbing trade. Insufficient capital is the ruin of many a coöperative enterprise.

THE MIDDLESEX COÖPERATIVE BOOT AND SHOE COMPANY.

The above company, located at Stoneham with a present capital of $15,000, in sixty shares, in the hands of forty-seven shareholders, met with many losses soon after the start in 1875, owing to the failure of certain debtors. Yet the record of dividends is as follows:

1876—0 per cent.
1877—An assessment of $23.85 per share to meet losses caused by failure of customers.
1878—5 per cent.
1879—4½ per cent.
1880—10 per cent.
1881—10 " "
1882—20 " "
1883—25 " "
1884—20 " "

Twenty-five stockholders and eighteen non-stockholders are employed. Nearly all the other twenty-two stockholders are employed in the shoe business. The members are Americans, Irish and French Canadians of good character. The treasurer remarked, "Coöperators must be of good habits, economical and saving. They must belong to the place and have a permanent interest in it."

As the seven other companies investigated by Mr. Giddings, the American Shoe Company, Athol Furniture Company, Franklin Shoe Company, Kingston Foundry Company, Leonard Foundry Company, Middlesex Shoe Company and the Wakefield Shoe Company, resemble those just considered, they are grouped in the table at the close of this account.

COÖPERATIVE GRANITE WORKS OF SOUTH RYEGATE, VERMONT.

These works have a paid in capital of $2,900 in $100 shares, owned by twenty-three shareholders. Nine of the fourteen workmen are shareholders. There is no limit to the number of shares any one can own. Profits and losses are divided on the shares. The business was started in May, 1885, under peculiar circumstances, which are thus described by the secretary, J. D. Grant:

"A number of stonecutters were thrown out of employment in consequence of having organized a branch of the Granite Cutters' National Union here, and not only were they denied employment by the two firms in the granite business here at that time, but were blacklisted in Barre and other granite centers in Vermont, so that they had no alternative apparently but leave the state. A large proportion of the men were householders and had families living here, and they did not wish to go away for work while there was plenty of it at their own door. And the result was the birth of this little enterprise. But this was only the beginning of tribulation, for no sooner did the aforesaid granite contractors find that we did not intend to leave the state than they hatched a scheme to have us all arrested for conspiracy, because the National Union on learning the treatment we had received had the works of the aforesaid firms declared to be scab shops, and the natural consequence of this was that those who worked there would be held to be scabs by all union men. We were placed under bonds, sixteen of us, which have been reduced several times and are now $200 each, and the case is in the hands of the law to-day, and not yet settled.

"Yearly business $6,000 to $10,000. Business growing. But do not consider it beyond the experimental stage yet. There has been great difficulty in securing a center of authority, each one claiming to be his own boss. The management was at first in the hands of a superintendent, but that did not give satisfaction. It was then changed into the hands of five directors, who employ a foreman for the outdoor part of the work, and a secretary and treasurer to keep the books and accounts and take contracts and transact the general business of the company. These officers are all shareholders and are hired by the day. But the expense of running the thing seems to be too much. We started with no cash capital, members putting in their shares as a rule by labor, a certain rate per month. We have never had enough capital to run the business to good advantage, although convinced that it could be done with proper facilities. We believe coöperation is the missing link between capital and labor, and no matter how many experiments may fail, the ultimate result will be success."

A few other productive companies, mostly of recent origin, with this mingling of the joint stock and coöperative principles, exist in New England, such as the Coöperative Granite Works at Quincy, Mass., the Haverhill (Mass.) *Laborer* and the printing business connected therewith, the Rhode Island Coöperative Printing and Publishing Company of Providence, with a business of $6,000 a month and rapidly growing, and the

SOUTH NORWALK (CT.) COÖPERATIVE HAT COMPANY.

The latter was organized in January, 1885, as the result of a lockout. By the conditions of incorporation the capital is not to exceed $9,000 in one hundred dollar shares, more than half of which had been raised at the time of my visit to the factory in September, 1886. No one can own more than three shares. The stockholders, mostly Americans, numbered thirty-five and in most cases worked in the business, although the management may discharge anyone for cause. The number employed is from ninety to one hundred in the busy season. Success had been good and the business was said to be growing rapidly, due in part to the patronage voluntarily given hats with the coöperative label by members of labor organizations. The manager, however, Mr. Edmund H. Bush, who was previously a workman, is a capable man, and seems entirely devoted to making the business a success. The bookkeeper remarked: "Every book is open to every shareholder. Some feel themselves a little above everybody else, but no great trouble has been experienced." When the by-laws were adopted it was wisely provided that no dividend should be declared the first year. The company was burned out at the start and again February 23, and in part March 8, 1886, due to causes which it is thought have now been removed. In spite of these losses the company appears confident of success, and when visited were making two hundred dozen felt hats of the Derby style weekly.

In the same town of South Norwalk, Ct., was another coöperative hat company, organized about the time of the other, but which ceased to do business in October, 1886. The president ascribes the chief cause of failure to the refusal of the company to pay enough to secure a good manager. He writes: "If a man can conduct a factory he can command high wages in any firm, and a coöperative or any other firm will have to pay them. What we ought to have done, and what I wanted, was to get an experienced man for a manager and pay him the same wages that any other firm would pay. I could not carry my point with the board. I think there is where we missed it."

At North Dighton, Mass., the NORTH DIGHTON COÖPERATIVE STOVE COMPANY began July, 1886, with $11,500 capital in the hands of twenty-seven stockholders, of which seventeen work in the factory with five non-stockholders. Lack of capital is the greatest drawback reported. It is too soon yet to present any results.

The following productive coöperative companies were chartered in the year 1886, and have in some cases nearly completed buildings and prepared for soon beginning business. All divide profits wholly among stockholders, none of whom have more than one vote in the management. The companies are:

The Scituate Coöperative Shoe Company, of Scituate, Mass., with $10,000 capital in $10 shares. All the officers and probably all the employés will be Knights of Labor.

The Westboro Factory Association, of Westboro, Mass., for making boots and shoes. The capital will be $12,000 in $100 shares.

The Agawam Coöperative Shoe Company of Danvers, Mass., with $5,000 capital in $5 shares.

North Dighton Coöperative Stove Company, at Taunton, Mass., with an authorized capital of $11,500 in $100 shares.

The Knights of Labor Coöperative Boot and Shoe Company, of Beverly, Mass., with $5,000 capital in $10 shares.

The Brockton Coöperative Boot and Shoe Company of Brockton, Mass., with a capital of $10,000 in $200 shares.

COÖPERATIVE CREAMERIES.

In many parts of New England, Massachusetts especially, are coöperative creameries, which, like some of the companies already described, have certain joint stock and certain coöperative features. A description of one or two of these creameries will suffice: The SPRINGFIELD COÖPERATIVE CREAMERY, organized a little over three years and a-half ago, has now a paid in capital of $22,000 in twenty dollar shares, part of which is invested in a fine brick building constructed for the uses of the creamery. No one can own more than fifty shares, or have more than one share for each cow and eight-quart can of milk furnished daily to the association. There are eighty-three shareholders among the farmers within nine miles of the city. As in every coöperative enterprise chartered under state law, ten per cent. of the profits go to a reserve fund until that shall amount to thirty per cent. of the capital. Ten per cent. is reserved for losses and depreciation of plant, and the rest, not to exceed five per cent., goes to the stockholders. If the business admits of it, any further profits go to the farmers in the form of higher prices for their milk. In 1884–5 the stockholders received five per cent.; in 1885–6 one per cent. About half of the milk and cream is sold and the rest made into butter. Eggs are also bought and sold. Two and three-quarters and three cents a quart is paid for milk. The great reason for starting the creamery was to furnish a steady market to the farmers for their milk. Previously, irresponsible milkmen would run in debt to the farmers, and failing, entail heavy losses upon them. There was naturally great opposition to the creamery by these old milkmen. The creamery had to buy out nineteen old routes at high rates and hire the old milkmen to sell for the new company. They depreciated the milk, however, expecting soon to buy their old routes back. Customers kept dropping off, until last February, 1886, when the creamery overcame these difficulties, and has gradually increased its trade ever since.

At Lowell, a coöperative creamery, with a capital of $25,000 in twenty dollar shares, was organized in October, 1885, to furnish a regular market for the farmers' milk. Previously, when the milk was not sold in Lowell, it was left on the farmers' hands to spoil. In remedying such difficulties as these the creameries in all parts of the state seem to confer their greatest benefit rather than in any considerable profits to the shareholders. A very successful creamery seems to be that at Amherst, Mass., where, with a capital of $8,700 in ten dollar shares, in the hands of sixty-five shareholders, the annual product of butter has grown from $19,250 in 1883, when it was organized, to $29,600 in 1884, $46,225 in 1885, and about $60,000 in 1886. Six per cent. interest is paid on stock. In many cases, as at Springfield and Conway, patrons of the creamery get all benefits after payment of a certain interest on capital. Creameries are located at Hatfield, Westboro, Lee, Hinsdale, Cummington, Conway, Egremont and Rutland, Massachusetts, and in other New England states. Most of them are of a very recent origin. The supply of milk is generally not large enough to permit of great growth, but there is every indication that these creameries serve a useful purpose and will prosper.

CHAPTER VI.

PRODUCTIVE COÖPERATION WITH DIVIDENDS TO LABOR.

In all cases of productive coöperation thus far considered, as in all coöperative stores, there have been found no dividends to labor as such. No share of the profits has gone to the workmen in proportion to their wages. We have now to consider a development of the coöperative idea to cover this more comprehensive form of profit-sharing. A coöperative company was chartered at Orange in 1879, with $5,000 capital, for the manufacture of furniture. Ten per cent. was reserved yearly as a surplus fund, and the rest of the profits went to the workmen in proportion to their pay. Not even interest was paid on capital, but as all the shares save three or four were owned by the employés little trouble resulted from that. Jealousies, however, arose over the pay of the men, some claiming that others were receiving too much. This led to the dissolution of the company in three years. There was no financial failure, for those who put in $100 stock received in the three years as dividends on labor, and at the settlement as their share of the property, $197, and all others received proportionately large returns.

LYNN KNIGHTS OF LABOR COÖPERATIVE BOOT AND SHOE COMPANY.

The Knights of Labor leaders in Massachusetts are planning a great forward movement in coöperative production. Within two years several important enterprises have been started by them. The Boot and Shoe Company of Lynn, under the able management of Mr. Richard Magie, until his resignation recently Master Workman of District No. 77, of the Knights of Labor, deserves description. In November, 1885, a few interested in the project visited Stoneham and concluded to adopt a different system from that of the coöperative shoe companies, thereby giving labor a direct share in the profits. Returning to Lynn they solicited those who promised to be congenial spirits, putting the shares at $100 to prevent too large an influx of unsuitable members. There was great difficulty in securing shareholders at this figure, but $5,000 was at last secured, and the company started in April, 1886. Three weeks of that month were spent in putting in machinery. A rent of $75 a month had to be paid although no business was done. A market must be made, and the leaders looked forward to the July meeting of the stockholders with much trepidation. To their surprise it was then found that in ten weeks they had made $10,000 worth of goods and were $200 ahead. The capital is now, January, 1887, $9,000 in the hands of about sixty persons. Ten shares is the limit anyone can own. There was previously a small coöperative store at Peabody, near Lynn, whose agents came to the Lynn company for shoes to avoid buying prison-made shoes, and at once made arrangements to become a branch of the Lynn Company. The shares of the Peabody store were $5. The stock was raised to $3,500, and for every twenty shares one holder was selected to exchange the stock for stock in the Lynn company, so that the Peabody store serves as a branch. A constantly growing patronage is secured among the Knights of Labor and also among other classes in all parts of New England, for good shoes are made. Profits are to be thus divided: Ten per cent. goes to the sinking fund; five per cent. interest is paid on the capital stock; ten per cent. of the remainder goes to the Knights of Labor Assembly for a coöperative fund to be used in assisting other coöperative enterprises; forty-five per cent. is to go to capital and forty-five per cent. to labor, in proportion to wages. All the workmen must be Knights of Labor. Over forty are employed, nearly all being stockholders. Shareholders have the preference in securing work, but may be discharged for cense. Workmen who are not shareholders are encouraged to deposit at any time toward a share. The limit of the capital, according to the charter, is $10,000 and could all be raised at once, but the balance is reserved for employés. The full amount will, however, soon be used. All the workmen are beginning to own stock. On visiting the works in September, 1886, I found every appearance of success, and learned as one indication of the spirit and sincerity of the manager that he had been offered $1,200 salary by the directors, but refused to take more than $1,000. At the first annual meeting, January 3, 1887, after less than eight months operations, it appeared that, after making very liberal allowance for all possible losses, the net profits were $1,000 on a capital which at first was only $4,000, and which did not reach $6,000 until October. Business for the last three months of 1886 averaged $5,000 a month. The operatives claimed that besides their share in the profits they receive the highest scale of wages in Lynn. Naturally they are very well pleased and unanimously reelected their old manager and directors. Mr. Nagle writes: "We are perfectly satisfied with the results. The secret of success is by applying business principles, such as keeping down expenses," etc. Some, it is to be hoped not many, of the other shoe manufacturers in Lynn are said to be bitterly opposed to this factory, since their employés, seeing the brilliant success of the coöperative company and learning the exact profit made on every shoe, demand for themselves a greater share of the product. One wholesale dealer in leather refuses to sell even for cash to the coöperative company, but the members of the latter are too well pleased with their success and too confident of the future to be easily daunted.

SPENCER COÖPERATIVE BOOT AND SHOE COMPANY.

At Spencer, Mass., is a similar company started April 12, 1886. At first it was poorly managed and attempted to occupy a large and expensive building. About the first of

October, 1886, it elected Mr. James H. Kelly manager and removed to commodious but less expensive quarters, with most happy results. Although the mistakes of the first few months have prevented any dividends, the last few weeks of 1886 witnessed a profitable business, and there seems now good reason to expect success from the enterprise. The capital of $6,300 in ten-dollar shares is in the hands of about one hundred persons, although five own nearly half the stock. As the company is incorporated under the laws of Vermont, instead of Massachusetts, there is no limit to the amount of stock anyone may own. This is a serious mistake, and should be remedied, or a few or even one may ultimately control the entire business. Although only fifteen workmen are employed the monthly product is about $3,500. The work being on a finer quality of shoes than elsewhere in Spencer, skilled workmen had to be imported from other parts of New England. All employés and stockholders must be Knights of Labor. Only two of the fifteen as yet own stock. Despite this, all the workmen are deeply interested in the success of the business, because, as at Lynn, they receive a share of the net profits. The plan of profit-sharing seems a model one and resembles that of Mr. Batterson in his Rhode Island Granite Works elsewhere described. After payment of six per cent. interest on capital and a deduction of twenty per cent. for a sinking fund, the body of employés receive such a part of the net profits as their combined yearly wages bear to the capital. Each workman will receive profits according to his wages.

Goods are bought and sold for cash or very short credits. An agent is traveling for this company, as is another for the Lynn company, and business is increasing. The agents visit the Knights of Labor assemblies and in many cases induce the members to call at the local stores for the shoes with the label of the coöperative company and thus create a market. Where coöperative stores sell boots and shoes, as at the Industrial of New Bedford, Mass., the Knights of Labor Coöperative Shoe Store of Clinton, Mass., and the

Coöperative Shoe Store of New Market, N. H., a market for the products of the factories is secured. The agents sell somewhat outside of New England, in New York and adjacent states.

THE COÖPERATIVE PRINTING AND PUBLISHING COMPANY OF BOSTON.

In the summer of 1886 a large coöperative printing company was organized in Boston by Mr. George E. McNeil on the same general principles as the Coöperative Boot and Shoe Company of Lynn, but, being poorly patronized by the labor organizations, whose trade it had hoped to secure, and very likely also badly managed, came to an end in a few months.

THE COÖPERATIVE IRON FOUNDRY COMPANY OF NASHUA, N. H.

This company, employing fifty hands and doing an annual business of over $40,000, is thus described in a recent letter by one of the officers:

"This Coöperative Foundry Company was first organized 27th January, 1881, with a capital of only $4,000. Shortly afterwards it was increased to $8,000, then again to $16,000, and finally last summer the capital stock was increased to $22,000. This last increase was made to furnish tenements or homes for some of the help. Necessity was the cause of the starting of this venture—the help were refused their honest wages, an attempt to cheat them was frustrated through the firmness of the men, who put three attachments on the property, and after one year of law suit succeeded in getting their wages, and finally came in possession of the foundry and plant. The workmen were assisted by friends or outside parties, who helped in buying stock, and now own some of it. Our stock has always sold at a premium as high as $115 on $100. From $115 to $100 has been the range. Any money made over six per cent. will be divided next May among the workingmen, stockholders and non-stockholders. Both will be treated alike as far as wages and profits are concerned, except dividend on stock.

"All must comply with the rules and regulations. Business is carried on as any fairly conducted stock company should be, no useless salaries paid to ornamental officers; every man must earn what he gets. While we have carried some men, still we manage to get along without much friction. The competition in the market is very great. We know that some concerns make work at a loss, consequently *burst;* other concerns get the cheapest help they can find, and do everything to undersell others. Underselling is the ruin of the workingman; fair prices and fair wages should be the motto of all.

"I cannot close this communication without stating that in the commencement of our undertaking a squad of Boston moulders were imported into New Hampshire to take the places of the men who were endeavoring to obtain their lawful wages and by lawful means, but after a few days in the foundry they were compelled by the sheriff to go out, and they went. We have our foundry lighted by electric light; we believe we have the only foundry in New England lighted by electric light."

THE NATIONAL KNIGHTS OF LABOR COÖPERATIVE ELASTIC FABRIC COMPANY OF CHELSEA, MASS.

This company for the manufacture of suspender web, goring web for congress shoes, elastic web for gloves, etc., has paid for twenty thousand feet of land at fifteen cents a foot, erected and paid for a building one hundred by forty-six feet and put in part of the machinery, so that the company expects to begin business early in 1887 with about twenty-five employés, men and women. The capital stock is $5,000 at five dollars a share, no one being allowed to hold over one hundred shares. The by-laws are in accordance with the Massachusetts law of incorporation soon to be described. After payment of eight per cent. interest on the capital and ten per cent. of the net profits to the reserve fund, one-third of the remaining profits are to go to labor, one-third to capital and one-third to the coöperative fund of the general and district assemblies of the Knights of Labor. A portion of the wages of every workman will be reserved until he possesses a five-dollar share, and every employé will probably have to be a member of the Knights of Labor. The difficulties already overcome have been so great that the courage of the founders has been well tested. The enterprise originated in a strike of the girls of Martin Bros., of Chelsea, who, it is claimed, had cut down their pay. This and subsequent labor difficulties have cost the workers of the place $14,000 in a few months, and have greatly hindered the raising of capital for the new company, though increasing the motives for it and stimulating the zeal of many. One thousand dollars of the four thousand two hundred dollars paid-in capital in September was held by local assemblies of the Knights of Labor, which had contributed twenty-five dollars and upward apiece. Only Knights of Labor are permitted to own the stock. A considerable market will be secured among the labor organizations of New England. After enumerating some of the difficulties thus far experienced, one of the management, Mr. Leonard M. Small, writes: "But we will get there before long, and have already a number of customers ready to take our goods."

CHAPTER VII.

COÖPERATIVE BANKS.

The objects and general benefits of coöperative banks, or, as they are often called, coöperative building and loan associations, have been so well described by Dr. Albert Shaw, in his account of coöperation in Minneapolis, and St. Paul, that it only remains for me to give the peculiar features with a little of the history and statistics of the banks in New England.

Inasmuch as Massachusetts has the only general law on the subject in New England, and includes all but five or six of the entire number, about fifty in this section, the present state law under which all these banks must be organized deserves some study. The late Hon. Josiah Quincy[1] was chiefly instrumental in securing the main provision of the present law[2] in 1877. Some of the important features of the Massachusetts coöperative banks are the following: The capital of a coöperative bank is limited to $1,000,000 in shares whose full value is two hundred dollars each. The shares are not paid for at once, or within a short time of commencing business, as is usual with corporations, but are paid at the rate of one dollar a month until paid for, a new series of shares being issued semi-annually and annually. This would require two hundred months or sixteen and two-third years for the payment of a share, but for another feature of the system. The money accruing to the treasury from these monthly payments, and from all other sources, is loaned every month to such of the shareholders as offer the highest premium. The profits from these loans and premiums furnish the dividends, which usually amount to between six and seven per cent. Every one can borrow for aid in building or buying a home to the amount of the par value of his share, but no more. As security he must offer his shares and such other property as may appear to the directors sufficient. They will lend nearly up to the full market value of such security, while the savings banks are only allowed to lend to the extent of sixty per cent. of the assessed value of the real estate security.

---

[1] See interesting and clear presentation by J. Q. A. Brackett, of the present system in *The State*, October 3, 1886, and reprinted by T. O. Metcalf & Co., printers, 43 Oliver street, Boston, Mass., 1886.

[2] The text of the present law, as amended to date, as also the paper of Mr. Brackett, is to be had in convenient form of Mr. D. Eldredge, 36 Bromfield street, Boston, Mass.

It may be asked, how a poor man who has not real estate can borrow, even of a coöperative bank? The answer made by Mr. Brackett, and confirmed by others, is that "if he wishes to buy an estate he can borrow of the bank the greater part of the needed purchase-money, and give as security therefor a mortgage of the property at the same time he receives his deed therefor. Of course the bank cannot furnish the whole amount of the purchase-money." But if one has a very little money and will subscribe to, say five shares, he can borrow $1,000. A man can thus build a house, mortgaging it as security to the coöperative bank. The would-be borrowers, as has been said, bid for the privilege. Premiums range from five to fifty cents a share, but rarely over twenty-five cents for any length of time. The by-laws of coöperative banks usually require the successful bidder for a loan to pay for one month's interest and premium immediately. If a loan is not approved, a month's interest and premium are forfeited. Successful bidders can always obtain shares for their loan. If one borrow $2,000 at fifteen cents premium a share, the average amount now prevailing in Massachusetts, he is subject to three monthly charges—first, a payment of ten dollars on his ten shares, which he had first to take before borrowing; secondly, a payment of one dollar and a-half, as a premium, and thirdly, a payment for interest, which, on $2,000, at six per cent. (the usual rate) is $10. In all, then, our friend pays $21.50 a month, until his shares mature in about eleven years, when the bank will hold his note for $2,000, and he will hold shares worth $2,000. The two accounts are cancelled, and thus for a little more than the expense of rent in the meantime a man finds himself owner of a comfortable home.

Anyone with sufficient security, which, be it observed, most workmen have not, might borrow the $2,000 of a saving's bank, pay six per cent. interest, the usual charge on such loans, or $1,320 during the eleven years, and then pay the debt, making $3,320. The same sum borrowed of a coöperative bank will involve a payment during the one hundred and thirty-two months, at $21.50 a month, of $2,835, besides the loss of, perhaps, $400 more in compound interest to the close of the eleven years on these payments. Two things are to be said: First, it is not always necessary for one to pay a fifteen-cent premium for a very long time. Whenever the borrower finds it possible to bid off $2,000 for a lower premium, say five cents, he may do so, and with this loan pay off his other, borrowed at a higher rate, for one can repay his loan at any time, retaining his shares or not, as he chooses. The only charges are that the borrower must pay double interest and premium for one month, and have a new mortgage made and the old one discharged. In some states, and occasionally in Massachusetts, the loans are bid off at so high a premium that the actual payments, reckoning compound interest on them, are more than would be necessary if the money were borrowed from an ordinary savings bank. But even then it remains to say that, human nature being as it is, scarcely one man in a thousand will make provision by constant voluntary monthly deposits in a savings bank to repay his $2,000 mortgage at the end of the eleven years. This is the real justification for the existence of the coöperative banks. Their shareholders feel compelled to make their regular monthly payments. Before the man is aware of it, he has paid for his home and acquired the valuable habit of saving. The results are in every sense satisfactory, six to seven per cent. dividends being generally made.

Again, these banks enable the depositors, who are in most cases wage-earners, to use their own deposits, whereas the money deposited in the savings banks in Massachusetts, $300,000,000 in 1886, supplies the capital of the great employers of industry, and thus does not so directly promote the coöperative ideal—a larger share by the workmen in the profits of industry. In addition to nearly all the advantages of the justly famous postal savings banks of Europe, the coöperative banks give much higher interest and keep the deposits for actual use among the lenders of the immediate neighborhood. By the Massachusetts law at least twenty-five persons must be associated together for organizing such a corporation, and no person can hold more than twenty-five shares of the ultimate value of two hundred dollars each in one corporation. No member can have more than one vote. A member may at any time, on thirty days' notice, withdraw any shares not pledged as security for loans, after paying any fines that may be due. He loses by so doing such portion of the profits previously credited to the share, and must bear such a proportion of any unadjusted loss as the by-laws may determine.

When each unpledged share matures, *i. e.*, reaches through payments and dividends the value of two hundred dollars, the holder is to be paid with interest at six per cent. for any time that may intervene before the payment. All dividends on the shares cease. To avoid any run on the bank it is provided that at no time shall more than one-half of the funds in the treasury be applicable to the payment of such matured shares, without the consent of the directors. The same provision is made with regard to those who would withdraw their shares, as any one may on thirty days' notice, if he is willing to forfeit such part of the accrued profits of his shares, varying from nothing to one-fourth, as the by-laws provide. The directors make deductions varying from nothing to one-fourth of the accrued profits. The banks confine their loans to the state and generally to the immediate vicinity.

Only one serious danger seems to confront these banks, unless we accept the temptation of a borrower to offer such high premium as forty cents for loans, and that is that in about twelve years after the opening of the banks, there will be insufficient funds in the treasury to pay off the shares, which then begin to mature every six months. Assets will be sufficient but not available, *e. g.*, one of the Massachusetts banks has two hundred and thirty-five shares, amounting to $57,000, that will mature about January, 1890, and one hundred and seventy-two shares, amounting to $34,400, six months later, or $91,400 that year. The amount of dues received in 1885 was $61,044.87, and the total cash received $95,755.03. These latter items may increase, and, judging from past growth, will increase fully seventy per cent. by 1890; but even then one-half of the total receipts must go to the payment of shares. If now any considerable number of others wish to withdraw their shares—and eight hundred and ninety-five shares, one-sixth of the whole number, were thus withdrawn from the bank in question in 1885, as an ordinary incident of business—the bank will be in a tight place. To be sure, the directors can legally postpone payment, after paying out one-half of the cash in the treasury at any one time, but, since in six months another series matures, postponement could not be indulged in without ruin to the credit of the bank.

The law has carefully provided for this. The directors may in their discretion, and pursuant to the by-laws, retire the unpledged shares of any series and enforce their withdrawal at any time after four years from their date of issue. The full value of the shares, including profits to date, must be paid in such cases, instead of part, as in the case of withdrawals by members. The shareholders whose shares are to be so retired shall be determined by lot under such regulations as the directors may prescribe. By means of this provision a bank may anticipate the time of payment, whenever it cannot loan its funds at satisfactory premiums, and thus be relieved of all danger. Although the oldest banks founded in 1877 had only been running eight years in 1885, three of them then began paying off shares of the first series. Four hundred and ninety shares in the three banks were thus retired that year, leaving but three hundred and seventy-six shares in the first series and three hundred and thirty-eight in the second.

Mr. Eldredge, who is of deserved authority on this subject, having been instrumental in founding and prominent in managing several of these coöperative banks, thus writes of the safety-valve just mentioned:

> "It is being made use of in the banks with which I am connected regularly every six months, but the majority, to their discredit be it said, make no use of it whatever. The right of the directors to retire the shares (after four years) is truly a safety valve. By a judicious use of it, unsaleable money may be used in paying off the shares, and again it is wise to reduce the old series to a size (in number of shares) which will admit of paying in cash at maturity. In the fall of 1888 the maturing of shares first issued will occur, and then comes the trying time with the system here. Those banks which have so reduced their series as to be able to pay cash, will ride safely along—otherwise, otherwise. Then is the time, and continuously thereafter, when the banks have got to be financiered well or go to the wall. Assets enough, probably, but not *cash* to pay indebtedness. The series are like notes becoming due, and, as the banks have no quick assets of any description, it behooves them to provide. Those banks which can sail along for a few years following the first maturity of shares, will be able probably to continue. Some banks in this state are apparently utterly ignoring, or vainly putting off, the evil day, for they have large series and do not retire any shares."

It must be said, however, that there is yet time to make such provisions as the law allows, and most banks will probably be wise enough to do so, when their attention is strongly called to the danger. If any failures occur it will not be on account of the system or the law, but of the folly of directors. Furthermore, as Mr. Eldredge remarks, the worst effects will be felt during the first year or two after the shares begin to mature, since these banks, having abundant assets, can easily arrange for the payment of shares if they will plan accordingly. In the session of 1887 the Legislature provided against this danger by making it the duty of directors, whenever more than one hundred unpledged shares exist, after they have run five years, to retire annually twenty-five per cent. of such excess until not more than one hundred unpledged shares exist in such a series at the expiration of nine years, while they may retire all unpledged shares which have run four years. The whole legislation of Massachusetts upon coöperative banks deserves careful study, for it admirably illustrates the best features of wise state regulation. As no bank can possess over $1,000,000 actual paid-in capital, any danger of a progressive increase of liabilities and business until too large to be well managed is out of the question.

As long ago as 1856 there were coöperative building associations in this section which reached the height of their prosperity about 1860 and failed, in some cases most disastrously, in others honorably, about five years later. This was due to the grave faults in the system, and this in turn to the prevailing ignorance of how to conduct such associations. Among these defects as contrasted with the present system may be mentioned: The old banks, instead of issuing $200 shares every six months, payable in one dollar monthly installments, made but one issue on those terms. When these shares matured in from ten to thirteen years, and were then paid back as the law required, the bank was thereby extinguished. In the old, if one who took a share failed to keep up his monthly payments he was fined so heavily that his share would be entirely extinguished in about six months. Now only a two per cent. fine can be exacted, and this fine cannot extend beyond six months, when, if no further payments are made, the value of a share at date, less certain accrued profits, is returned to the owner of the share. Nor in the old law was there any provision for the retirement of shares before their maturity at the discretion of the directors. An important fact, bearing on the assumption of some, that the less legislation the better, is thus presented by Mr. Eldredge: "The old banks were not hedged about with detail legislation. The act was a brief one, and set up a skeleton arrangement, leaving a mass of details to be arranged by each association to suit itself. The new are hedged about, many details being inserted—valuable ones, too."

Examples by the hundred might be cited to show how the present system of coöperative banks has already, in ten years after the passage of the law, enabled the wage-earners, who are their chief patrons, to own homes of their own, and in many more cases obtain returns of six and seven per cent. on their monthly deposits.

A few facts gleaned from the report for 1886 of the bank commissioners of Massachusetts will tell much of the story. There were then forty coöperative banks, since grown, April, 1887, to forty-seven. These forty had 98,783 shares in force, 14,805 members, 2,960 borrowers, and $3,229,073.20 assets, an increase of twenty-five per cent. over the preceding year. The report for 1887 is expected to reveal a corresponding increase for the current year. At this rate a great future may be expected for these associations. The loans are almost entirely on real estate security, but a small amount is loaned by each bank on the mere security of the shares. The by-laws of the several banks limit their loans sometimes to $2,000, sometimes to $5,000, the limit of the state law. The smallest loans are as low as twenty dollars.

Since it is the policy of these banks to loan all moneys in the bank once a month, or to use them to pay off shares, and as all the business can be done in a small part of every day, no great expense for vaults and clerical force is necessitated. One man in Boston, Mr. Eldredge is secretary of three banks—the Pioneer, Homestead and Guardian—all of which have the same office and hold their monthly meetings on different evenings in the same hall. In other places the secretary can engage in other business, *e. g.:* Mr. F. W. Dickinson, secretary of the Springfield Coöperative Bank, carries on a large undertaking business. The entire yearly expense for salaries of the twenty-seven banks, which had been running a year in 1885, was only $9,686, an average of $358,74.

In the summer of 1886 Maine had a coöperative bank at Richmond and another at Bangor. Rhode Island had one at Providence, and Connecticut one at New Haven. There being no general law of incorporation of such banks they were incorporated under special charter.

CHAPTER VIII.

GROWTH OF COÖPERATION.

LAWS GOVERNING COÖPERATION.

While the other New England states have no general law for the incorporation of coöperative companies, Massachusetts has maintained in this direction her customary lead in wise labor legislation by the law of 1866 and the subsequent amendments thereto, the most important of which were adopted in 1870 and 1879. By the present law the capital stock is limited to $100,000 and cannot be less than $1,000. No one can hold more than $1,000 or have more than one vote however many his shares. There must be an annual distribution of profits and earnings among the workmen, purchasers and stockholders, as provided in the by-laws, but ten per cent. of the net profits must first be appropriated for a contingent or sinking fund until there shall have accumulated a sum equal to thirty per cent. in excess of the capital stock. The word "coöperative" must form part of the corporate name, and shares to an amount not exceeding twenty dollars in the aggregate are exempted from attachment and execution. All incorporated companies must make full returns annually to the secretary of the important items of their business, such as their nominal and paid-in capital, number of shares, and their assets and liabilities of all kinds. An abstract of these is printed with the certificates of incorporation of all other companies, and is most valuable to those interested in coöperation. Of course many companies are not incorporated, but by far the larger part take advantage of the law, which gives the stockholders greater security and increases the credit of the company.

STATISTICS.

From these reports to the Massachusetts Secretary of State, some surprising facts appear. For instance, it is commonly supposed that since the downfall of the Sovereigns as an organization, coöperation has been practically dead in the state, whereas these reports show that there was never so much capital invested in coöperation or so much prosperity manifest as now. A few summaries which I have made from the tables given in these reports will prove this:

Distributive Coöperation in Massachusetts.

Date.	Paid in Capital.	No. Stores Incorporated.	Average Capital.
1877	$71,279	30	$2,376
1885	92,375	27	3,421
1886[1]	124,430	30	4,181

The growth is not in the number of stores, although a great increase in that respect is probable in the immediate future, but in capital and trade, which is the surest guarantee of success. The percentage of successes to failures is much greater than ten years ago, although the exact figures cannot be given. Over ninety per cent. of business firms fail. Coöperative enterprises since 1880 in New England can show fully as good a record, indeed much better—a fact too often overlooked by those who consider failure the sure outcome of coöperative efforts.

The summaries given above refer only to distributive coöperation. The figures for productive coöperation exclusive of creameries, which belong entirely to the present decade, is even more encouraging. In 1875 the Secretary of State of Massachusetts reported nine manufacturing companies with a total capital of $73,250, or an average of $8,139. In 1885 he reported ten companies with $166,900 capital, or an average of $16,690,—a growth in ten years of over one hundred per cent. This growth has continued through 1886. At least four new companies in the state began business that year, and report excellent prospects. To this must be added the thirty coöperative banks, since grown to forty, reported in 1885 with a capital of $2,512,335.86, and now nearly $1,000,000 more, none of which existed prior to 1877.

---

[1] From returns to me of incorporated and the very few unincorporated companies.

From the tables compiled with much care, which are to be found at the close of this account, it appears that productive coöperation in twenty companies in New England can boast a business of nearly one million dollars a year. Coöperative stores have a trade of $2,000,000. Coöperative creameries do a business probably of $500,000, and at least $3,500,000 are now invested in coöperative banks. Aside, then, from coöperative insurance companies, and from the trade of probably $500,000 at liberal discount to grangers, the yearly business of the coöperative companies of New England amounts to nearly, if not quite, $7,000,000.

Our record of the early years of the coöperative movement embraced more of failure than of permanent success, although it is safe to assert that most of the so-called failures returned to the community, and very often to the supporters of the enterprise, a full equivalent of the money and time expended.

The history of the last ten years, and more particularly of the period since 1880, reveals an increasing number of successes. Mr. George E. McNeil, of Boston, recently remarked to the writer that failures were due to the fact that "the coöperators failed to coöperate." All that is now rapidly changing, and the future of coöperation has seemed never so bright as to-day.

Mr. Wm. F. Young, of Wakefield, Mass., previously referred to as prominently identified with the early days of the coöperative movement in this country, writes: "The failures and mistakes of this movement, as well as of other union and coöperative efforts in this country, convince me that what is most needed to insure success is more thorough personal culture and education upon economic questions among the working people. I trust the work you have in hand will do much toward meeting this necessity."

THE SOCIOLOGIC SOCIETY OF AMERICA is the name taken by a society for the promotion of coöperation, which was organized in New York in 1882 by Mrs. Imogene C. Fales. An important meeting of this society for the formation of a national coöperative board was held in the parlors of James Freeman Clark's church, Boston, September 25, 1886. At this meeting Mrs. Fales unfolded the great results of the Central Coöperative Board of the United Kingdom. Organized in 1870, this board in 1885 had a membership of six hundred and seventy-nine societies. Funds necessary for its work are obtained by a payment of 2d. per annum from each member of the society who joins the union. The board collects, and through numerous leaflets and its organ, *The Coöperative News*, distributes information about the coöperative societies of Great Britain. By these means and a yearly congress much is done to promote coöperation. A similar work was mapped out at this Boston meeting for our own country. A national coöperative board was organized to collect and diffuse information, of which Mr. Samuel Whittles, Jr., of Fall River, Mass., was elected chairman, and Mr. George Dewhirst, of Lawrence, Mass., Secretary. The first number of the quarterly journal of this society, *The Coöperative News*, issued in January, 1887, with the gentlemen just named and Mr. F. H. Giddings, of Springfield, Mass., as editors, gives promise of taking up the work of coöperation where the *Bulletin* of Worcester, the old-time organ of the Sovereigns of Industry, laid it down. Although so recently established, this coöperative board, through its chairman, Mr. Whittles, was able to render material assistance in some portions of this investigation.

Mr. George E. McNiel called a convention of delegates of the coöperative societies known to be located near Boston to meet in that city September 22, 1886. Although only about eight societies were there represented, a very interesting meeting was held. For the first time these societies, through their delegates, had an opportunity of comparing notes and considering the best forms of productive and distributive coöperation. It was agreed that, as in the latter, the Rochdale plan was preferable, so in the former a share in the dividends to all employés, whether stock-owners or not, as prevails in the Knights of Labor Coöperative Shoe Company of Lynn, was by far the best and truest form of productive coöperation. Indeed, in other places, some writers, notably Mr. Giddings, have gone so far as to urge that the state shall only recognize those manufacturing companies as coöperative which do thus share profits with all employés. This informal meeting adjourned with a resolution instructing Mr. McNiel to call a convention of all coöperative companies in New England, to meet at such time and place as should seem to him best. It is to be hoped that through this source, or that of the Sociologic Society, a congress of coöperators will be called in the near future.

CHAPTER IX.

PROFIT-SHARING.

Profit-sharing is the term usually applied to that form of coöperation where the employés, without contributing to the capital, or having any control in the management, share in the profits aside from their regular wages. There has been long in vogue, however, in the New England fisheries, a form of profit-sharing where no wages at all are paid, but the workmen rely for reward wholly upon a stipulated share in the catch. The Massachusetts Labor Report for 1886 describes the system. It appears that at Gloucester the owners furnish the vessel, provisions and fishing gear, and receive half of the gross value of the catch, after deducting a few trip expenses, such as towing, ice-barrels, etc. Out of this half the owner pays the skipper a percentage, while the crew from their half must pay the cook, the cost of the medicine, and a small percentage to the widows and orphans' fund. The crew's half is divided among the men in proportion to the catch of each, if the fish have been caught with hook and line. When seines are used, as in mackerel fishing, the crew share equally. Where the crew find provisions, dories and fishing gear and pay all expenses, except hiring the skipper, as in haddock fishing, they receive three-fourths of the gross proceeds. The value of the vessels used varies from $2,000 to $12,000. The average is about $5,000. The owners are reported as saying that the wages system would be impracticable. "We should get a lot of loafers, and the business would go to ruin. It is the stimulus of profit-sharing that has made our famous skippers," while the fishermen are reported as saying: "We could not live on wages, for the active, skillful men would fare no better than the lazy; there would be no inducement to secure the largest possible catch; the business would become unprofitable and wages too low to tempt first-class men."

THE PEACE DALE MANUFACTURING COMPANY.

The oldest example in New England of profit-sharing of the type so common on the continent of Europe is the Peace Dale Manufacturing Company at Peace Dale, R. I., a village of twelve hundred inhabitants, about thirty miles southwest of Providence. From the full account in the Massachusetts Labor Report and from correspondence with the assistant treasurer, Mr. R. G. Hazard, 2nd, the following facts are gathered:

This company, one of the oldest woolen mills in the United States, dating back to 1804, and the first to use the power loom, is still in the hands of the Hazards of the third and fourth generation in descent from the founders. With a capital of about $400,000 and a yearly business in the manufacture of shawls, worsted coatings, cassimeres and other woolen fabrics of about $600,000, it employs an average of four hundred and fifty hands. Two-thirds are English, Irish, Swedes and Germans, the majority being Irish. Two-fifths are women. Profit-sharing began with a circular to the employés January 1, 1878, announcing that thereafter, for as long as the company might choose, a part of the net profits after payment of wages, interest at a very moderate rate on capital and a percentage for a reserve fund against losses, should be given yearly in March to all employ s who were in the employ of the company seven months of the year, ending February 1. This share to labor—not far from one-half the net profits—was to be given to each of the employés in proportion to the wages received from the company during the year. Very singularly, the owners who are also managers, reserve no salary for themselves, but trust to their dividend for reward. During the eight years since the plan was initiated the severe depression in the woolen business has only enabled payment of dividends during four years as follows:

January 31, 1880,	5%	on wages,	$5,842 40
" 1881,	5	"	5,999 65
" 1882,	3	"	3,760 14
" 1883,	3	"	3,760 35

Despite the failure to pay dividends, the firm express themselves satisfied that their experiment has been a success in preventing waste and encouraging conscientious work, which is so important to the moral as well as the material good of the community. An increased care and diligence on the part of the employés can be seen. In a circular to the help in 1883 the principles on which all profit-sharing is based are thus stated: "Every weaver who makes a mis-pick, every burler who slights her work, every spinner who makes a needless knot, in short, every person who makes waste of any kind, of course makes the amount to be divided smaller by making a loss to the concern; and we think a manifest improvement is evident."

The circular for 1884, after regretting the failure to earn dividends that year, adds: "It is believed, however, that a large majority [of the employés] have been as careful and as conscientious as possible, and the officers of the company look with pride upon such, hoping and believing that the system of participation will yet produce good results, far beyond what it has accomplished in the past." The last circular, of March 1, 1886, shows the spirit of the management. Expressing great disappointment at the continued inability to pay dividends, the circular concludes: "It is with satisfaction, however, that we look upon our undisturbed condition of mutual confidence and esteem. As long as this continues we have one very important element of success. We are truly thankful that this element exists, and we trust that it will exist as long as a mill stands in Peace Dale." In a letter of October 14, 1886, the assistant treasurer writes me relative to the general applicability of profit-sharing: "I see no reason why it should not apply to all trades using labor, outside of machinery. No use in applying it to anything purely mechanical. The greatest foe to success is the ignorance of the laboring men. Intelligence must exist to some extent in order to have any good result."

Since profit-sharing was introduced the firm has had one unimportant strike, which is thus described in a letter of Mr. R. G. Hazard, of April 19, 1887:

> "The strike lasted about twenty hours, was confined to the weavers, (about thirty, in all, participating), many of them against their will, and was settled immediately by the return to work of all who went out, *before* any committee was heard. After all had resumed work, we sent for the weavers' committee and heard their complaints, adjusting some things as they suggested, but declining to touch most of the questions proposed. I am confident that our good feeling towards the weavers, and our record on the matter of coöperation, were important factors in settling the question so speedily and so amicably."

THE NEW ENGLAND GRANITE WORKS.

At Westerly. R. I., are the quarries, and at Hartford, Conn., the offices of the above company, owned by J. G. Batterson, who introduced profit-sharing January 4, 1886, by a letter to his superintendent, James Gourlay. The following extracts are taken from this, which was printed and circulated among the men:

> "DEAR SIR: In regard to the various questions which have arisen from time to time, touching the proper relations of capital to labor, and which at times have assumed such menacing attitudes that we have been forced to decline orders of considerable magnitude, for the reason that we could not run the risk of a 'strike,' which might involve us in heavy loss and damages, I have determined to submit to you the following propositions, with the hope that they may prove acceptable to the men employed by us:
>
> "First. On all orders executed at the New England Granite Works quarry, in Westerly, R. I., during the year 1886, commencing January 1st, *ultimo*, both capital and labor, in proportion to the amounts or values contributed by each, shall share in the net profits made on such orders during the year."

The capital is $250,000 with an output of $500,000. The wages of the three hundred and fifty to five hundred employés are, say $200,000. The latter figure is merely given for illustration, and is not to be considered official. But if we suppose the wages are $200,000, then, since the capital is $250,000, the dividend to labor would be $\frac{200}{450}:\frac{250}{450}$—$\frac{4}{9}$ of the entire net profits after one-third of the profits have been reserved as a guarantee fund. To this guarantee fund are charged all losses by bad debts, or credits for materials and labor during the year. At the end of the year all outstanding accounts and bills receivable are to be treated as good under the guarantee, and therefore available in determining the net profits. If the guarantee account does not prove to be sufficient to cover the losses, the amount must be made up by the stockholders, but when it is more than sufficient the surplus will belong to the stockholders. Continuing the quotations from Mr. Batterson's letter:

"Second. The net profit shall be determined in the following manner, viz.: out of the gross receipts, or from the capital employed, shall be drawn, first, the wages of the men employed as journeymen, whether by day's work or piece-work, at the rates mutually agreed upon or otherwise established, which shall be paid monthly; second, all other expenses of conducting the business, including superintendence, traveling expenses, clerk hire, taxes, insurance, and legal interest on the capital employed, shall then be deducted and paid out of the gross profits, and the balance remaining shall be treated as the net profits, from which a dividend shall be declared and paid in manner and form as hereinafter provided.

"Third. The net profits having been determined, the entire amount shall be divided into three parts, one part to be appropriated and paid as a dividend to labor, one part to be appropriated and paid as a dividend to capital, and one-third to be reserved as a guarantee fund, to which fund shall be charged all losses or bad debts, or credits given for materials and labor during the year.

"Fourth. The labor dividend shall be made and paid before any dividend is paid to capital, and such payment shall be made at the end of each fiscal year, or as soon thereafter as the books can be written up, an inventory taken, and the net profits determined.

"Fifth. When the net profits have been determined as aforesaid, the same may be verified by a competent accountant or auditor, to be selected and agreed upon by the parties interested; and when such accountant shall certify that the net profits have been correctly and fairly determined, then the dividends may be paid; but such accountant or auditor shall not be at liberty to disclose or make public any other facts concerning the business audited than a simple verification of the accounts, and the sum total of the net profits for the year, available for the purpose of a dividend.

"Sixth. As the labor dividend is intended for labor only, no officer, superintendent, overseer, clerk, agent, or other employé drawing a salary, or however otherwise paid, nor any contractor or sub-contractor, who for their own account and profit, contract or agree for a 'lump sum' to do and perform the whole or certain specific parts of the work upon a building, monument, or other structure, such work being outside of and not subject to an established or agreed bill of prices, either for day's work or piece-work, therefore no such officer, superintendent, clerk, apprentice or contractor will participate in any dividend paid to labor, as hereinbefore stated.

"Seventh. No workman who during the year shall have been discharged for good and sufficient cause, such as drunkenness, insubordination, bad workmanship, etc., or who leaves the employment of the company without the consent of the superintendent in writing, shall be entitled to participate in any dividend of profits for the year during which such discharge has taken place.

"Eighth. No workman shall be deprived of his dividend who has been discharged arbitrarily, or without good cause, or who has been discharged for the reason that the superintendent has not sufficient orders on hand to justify his further employment.

. . . .

"Twelfth. The control of the business must necessarily be in the hands of the stockholders. Men employed every day in mechanical labor cannot watch the markets, or possess that aptitude for business management on a large scale which is requisite to success, but they can do much in stopping the leaks caused by inefficient and bad workmanship.

"Thirteenth. All work done or money earned by the employment of machinery will be counted to the credit of labor and capital alike, and the profits made thereby will be subject to the same rule for distribution as for profits otherwise made.

"Fourteenth. No officer, director, or stockholder, shall receive any salary or compensation, except for services actually rendered, and time actually spent in the service of the company, all of which shall be as fully stated as the amount of service contributed by any other person in the employment of the company.

"Fifteenth. The rate of wages per diem, the bill of prices for piece-work, and the number of hours to constitute a day's work, shall be determined by mutual agreement on or before the first day of January in each year, and any disagreement which may arise during the year between the superintendent and workmen in regard to the same shall be settled by arbitration.

"Sixteenth. The rate of wages per diem and the bill of prices for piece-work shall not be reduced by the superintendent to affect any contract on hand, or taken upon the rate of wages or bill of prices prevailing at the time such contract was made, neither shall the rate of wages or bill of prices be advanced by the workmen to effect such contracts, and if so advanced the difference in cost by reason thereof may be adjusted in making up the dividends.

"With the results of a long experience before me, I am convinced that the payment of fixed wages to a large number of men carries with it no inspiring motive to the attainment of a high standard of excellence, either as to the quantity or quality of their productions; but, on the contrary, it tends to indifference and laziness to such an extent that the measure of a fair day's work is not that quantity which can easily be done and well done by a good man, but that quantity which an indifferent man is willing to do and can do without much effort. The consequence is that the best men who are endowed with both energy and skill, soon break away from the restraints of idleness, and by the 'bill of prices fixed for piece-work' obtain a larger freedom and a larger reward for their labor; and the fact appears also, that this system of compensating labor is most remunerative to the employer, which brings us to the point, that the average and indifferent workman does not earn his wages when tested by the standard of his own 'bill of prices.'

"I believe, then, most thoroughly in the efficacy of *individual interest* as the only available stimulant to natural ambition, and the best results both to capital and labor. When the interests of capital and labor are made identical and well balanced, I believe the conflict between them will cease, and both will be the gainers thereby.

"I sympathize with the laudable ambition of the skilled workman to emancipate himself from the thralldom of a service in which he has no other interest than daily wages, and who aspires to that identity of interest in results which begets self-respect, and a worthy pride in the success of his own company or corporation.

> "When the workmen are all interested in the results of their combined labor, there will be no room for those who are unwilling to earn, and fairly earn, the wages which they demand. When the industrious and skillful workman sees that his own earnings are being diminished by the slothful and unskilled workman at his side, he will rebel, and demand, as he will have the right to do, that a better man shall be put in the place of the laggard.
>
> "My purpose is, if possible, to secure a community of interest which shall be recognized and admitted to be fair and equitable, claiming no more for capital than is sufficient to hold it in such employment, and giving the balance to labor. Whether my propositions are practical remains to be seen."

Mr. Batterson informs me that after this first year, 1886, no profits will be paid to those who have not been in the business one year and that an increasing per cent. of profit will be paid employés according to their years of service up to five years. A few years ago there was a long strike when the men, says Mr. Batterson, kept him from hiring other employés until he took legal proceedings against them. But the bitterness of that struggle seems to have been allayed, so that even before the introduction of profit-sharing the company's relations with its employés were friendly.

The experiment has fully met the expectations of Mr. Batterson, who said in September, 1886: "There has been no year since I have been in the business when the men worked so well and took such an interest in the business as they have this year." His remarks to a reporter of one of our large dailies are thus given under date of December 31, 1886:

> "We had no strikes during the year, and as the men have looked out for one another's work it has generally been done well. As they have an interest in seeing that what is done is done thoroughly, they supervise themselves to a great extent, and there is a saving in that respect. The new plan will be of more advantage to skilled than to unskilled workmen especially this year, for not long after the arrangement went into effect the laborers in the quarry heard of an advance in wages of men similarly employed in Maine, and they, too, demanded the same increase. It was granted them, but the advance under the conditions of the agreement, will be deducted from their surplus at the end of the year.

"We have had no trouble with strikes; no trouble with contracts. We do not ask our men whether they belong to a union or not; we are more interested in whether they are capable men and thoroughly understand their work. When the profit-sharing was first proposed the men, or at least some of them, did not take kindly to the plan. But they took hold of it well after the start, and what is most, they liked it and did their best to carry it through. We hope to make a dividend, but the accounts for the year are not yet made out and the results determined, and so I can't give you any figures about the profits to be divided among the employés of the company. Our plan is an experiment, and I don't believe that anything like it has been tried in this country. I can't say how it would apply to other industries. There are some, of course, to which it would be inapplicable from the nature of things, but there are others for which it would furnish a solution for many difficulties and perplexities arising from the relations of capital and labor."

ARA CUSHMAN & COMPANY, SHOE MANUFACTURERS, AUBURN, ME.

Being unable to visit Auburn, the letter of Mr. Cushman and his address to his men, on inaugurating his important plan, are so good that full extracts are made. He writes under date of October 15, 1886:

"The employés are to receive regular weekly wages at the current prices paid in other factories. The firm is to receive—1st, Interest on all capital employed in the business. 2d. A fixed amount as salaries to the partners for the management of the business. 3d. A fixed amount, or a percentage of what may be due from our customers at the end of each year, to guarantee against losses. 4. A percentage of the net profits for a 'Surplus Fund' until said surplus shall amount to a certain percentage of the capital used.

"After these conditions have been met, the profit remaining, if any, is to be divided between the employés and ourselves in the proportion that the annual amount of wages paid bears to the annual sales, which will be between twenty-five and thirty per cent. All of these sums and percentages have been satisfactorily fixed between the firm and the three representatives of the employés.

"We commenced under this plan April 12th last. So far affairs have progressed very satisfactorily, and in the main we are pleased with the spirit the men and women manifest, and the interest they show in the business. We have not looked for and have not given our employés reason to expect a large dividend.

"The result of the six months business just ended is such that we think there will be something to divide at the end of the year's business. Our annual sales are from $1,000,000 to $1,250,000. Number of employés, 650 to 750. Amount of our annual pay-roll, $250,000 to $275,000.

Mr. Cushman's address to his employés March 27, 1886, and subsequently printed and distributed among them, thus closes:

"This dividend shall be based on the amount paid to each employé during the year for labor. No one to be entitled to a dividend who has left the employ of the firm against its wishes, or been discharged for any reason other than sickness or want of work. The management of the business to be entirely in the hands of the firm, and to be the same as now, unless better methods can be suggested. Three of the employés are to be selected as representatives, with whom the firm will arrange the details of this plan, and who will be sufficiently informed about the conditions and results of the business to enable them, at the end of each year, to report whether the conditions agreed upon have been correctly and faithfully carried out. These representatives are not to disclose, or make public any fact concerning the business, except the amount or percentage of dividend available for the employés. They shall be persons in whom both the firm and the employés can place the utmost confidence. They must be citizens of Auburn, and two, at least, be owners of property and interested in the growth and prosperity of Auburn. If, with one year's trial, this system shall have worked as well as we hope, and is likely to prove practical and satisfactory, we shall, if it is the wish of many of our workmen, change the organization of our firm into a corporation, so that the capital may be represented by shares of stock. We will then set aside a limited part of the stock, or number of shares, for such of the employés to buy as would like to invest their money in that way; the stock thus owned by the employés to receive the same return in interest and dividend as that held by ourselves.

"In this proposition we now present you, we ask you to run no risks and make no guarantee; for this reason the dividend to you must be smaller than it possibly might be, if you, with us, shared the risks of the business. We intend the wages paid you weekly to be fully an equivalent to you to the amount to be set aside for capital, managements, and the risks and guarantees of business. I do not wish to give you reason to expect a large dividend on the amount of wages earned; for a small percentage on the amount of our pay-roll would be a large sum. Our pay-roll last year was about

$250,000—five per cent. of which would be $12,500—quite a respectable amount. But five per cent. on the earnings of one man whose pay in the year amounts to $500, is only $25, which by itself is not a large sum, but, if multiplied by the number of men and women we employ, it would amount to a sum worth working for.

"This also illustrates how difficult it sometimes is to advance the rate of wages. Ten per cent. advance in our prices would amount to $25,000 a year, a sum that could not always be taken from the yearly profits, except by the process of algebra, where signs are used, but it is only *twenty cents* a day to a man whose pay is two dollars.

"Suppose all the men and women who work for us in all the different places and capacities, should be able, in some way, to make their services worth to the business five per cent. more than they ordinarily are, that would amount to $12,500. Is it not possible that in transforming into boots and shoes ready for the foot of the wearer all the material of all the kinds we use in a year—leather of the different kinds, cloth, thread, silk, nails, wax, flour, glue, cement, twine, ink, paper, boxes; that in the process of cutting and assorting the leather, in the wear and tear, in the breaking of tools and machinery, in the use of time, and in the damage to material, in the different processes—more economy could be used, more saving made, less waste allowed and damage caused? With sufficient thoughtfulness, study and care, could not the saving in all the ways I have indicated, and in others that may suggest themselves to you, be made to amount to a sum which, if divided to all the employés, would be equal to 2½ or 5 per cent. increase in your pay? I will particularize a few of the ways in which saving might be made or losses prevented. If a man, in cutting grain leather uses one foot more for a case of slippers than is absolutely necessary, the loss on his work is from fifty to sixty cents a day. Such a result might easily happen, and be hardly perceptible to a looker-on, or even to the cutter himself. If a cutter of calfskins fails to put every part of the skin where it will count for the most, or in the place to which it is best adapted, and thereby makes his shoe vamps cost a half a cent a pair more than they otherwise would, the loss on his day's work amounts to at least a dollar. If a man who cuts split quarters fails to place his pattern and cut the stock so as to get the most possible from it, losing only one-eighth of a cent a pair, he fails to earn for us as much as he might by more than a dollar a day. If a man in cutting sole leather fails to adjust his die as closely as it possibly might be, and for that reason gets one less sole in every three sides of leather, the difference in the cost of the soles cut in a day would be only a small fraction of a cent on a single pair, but on his day's work it would amount to more than a dollar and a half, which is a very large per cent. on his wages.

"In the stitching room, if the thread and silk is not all used from the spool, or if the ends are left longer than they need to be, or if twine is wasted in tying up the cases, the loss might be very slight on a single pair of shoes, but on a day's work it would be enough to lessen the value of the services of the woman doing the work to some extent, and when multiplied by one hundred women and then by three hundred days, the amount would be enough to buy many new dresses and bonnets. If every man and woman who runs a machine could save an unnecessary wear and prevent all breaking by careless use, we should have to buy less machines and 'spare parts,' and our machinists would have less to do. In the item of damage to material and goods in the process of manufacture—tearing shoes in lasting, damaging soles in fitting, scratching or cutting uppers in stitching, and in all the different ways in which damage happens—if this could be reduced to the least possible amount, the saving made or the loss prevented would, I doubt not, be equal to the earnings of the smartest workman in the factory.

"If for any reason the plan we propose should not be found to be as satisfactory to you or to ourselves, as we hope and expect, we shall be ready and hold ourselves at liberty to discontinue it. We present the proposition after mature thought, with the sincere wish and earnest hope that if accepted and understood it will be of some pecuniary benefit to you. But we do not wish it to be understood, as we do not claim that it is, a philanthropic or benevolent project. Sound business principles make the only foundation for a permanent and successful business.

"We mean for ours to continue on such a basis, and for our methods to be in harmony with correct thinking and just and liberal action. We hope it will be an incentive to all to make their services as valuable as possible, and a means of securing to all just and full returns for what they contribute to the success of the business. If it should prove to be a method by which capital and labor can together achieve better results, and an element in making labor more thoughtful and considerate and intelligent, and both capital and labor more considerate of each others' interests, our purposes will be realized. We would be glad to see Auburn have a larger measure of success. We would be glad to see hundreds more of homes occupied and owned by workingmen. We hope the land that has recently been sold in house lots will be covered with neat and comfortable houses, and owned by men and women who are conducting the business and doing the work that is making, and is to make Auburn, now the 'lovliest village of the plain,' a large and prosperous city."

At the close of Mr. Cushman's address, remarks were made by several of the employés in hearty approval of the proposition, and three satisfactory representatives were selected from the employés to act with the firm in arranging and carrying out the details of the plan.

The success thus far has been stated in the above letter.[1] One who was present on the occasion when the result was announced to the employés in a large and crowded hall, says that the glad surprise of an actual bonus converted all croakers and aroused unbounded enthusiasm, while cementing together employer and employed in the closest union. The suggestion was made and well received that it might be well in future years to reserve part of the workmen's, as well as of the employer's, share of the profits, as a guarantee fund against years of loss.

NEW HAVEN WIRE COMPANY.

The necessity for success in profit-sharing of some feeling of mutual confidence between employer and employé, based on previous fair dealing and generally peaceful relations, is emphasized by the experience of the New Haven Wire Company. This company, presided over by Mr. E. S. Wheeler, of New Haven, presented to their employés a well-devised plan of profit-sharing January 1, 1886, in accordance with which, after deduction of six per cent.

---

[1] As this goes to press, May, 1887, the results of the first year of profit-sharing of Ara Cushman & Co., are announced. The business of the firm in 1886 was $1,269,262, much the largest in its history. The year's wages were $288,344. A dividend of four per cent. on this, amounting to $11,530, is paid the employés. The latter are said to be very enthusiastic over the result, and the firm believe that the money divided represents the increased net earnings of the year's business due to increased economy in the use of stock, the better employment of time, etc.

on capital and a "proper sum for betterments and repairs to the works," one-fourth of the net profits should go to labor, but it met with no response from the men and was not therefore adopted, although in Europe employers have often persisted in their profit-sharing and waited, until the actual payment of dividends at the end of the year converted their employés. Mr. S. A. Galpin, treasurer, writes:

> "It might, perhaps, meet with a more cordial reception from our men if again offered to them, because it is not improbable that their feelings in regard to it were very materially influenced by the fact that they had been for the preceding six months engaged in a strike, which closed by their surrender within a few days after this circular [of January 1, 1886], was issued."

GEORGE H. KINGMAN.

Mr. George H. Kingman, a large shoe manufacturer at Brockton, has taken in his workmen as members of his firm. He is said to make a written agreement with each workman by which the latter agrees to contribute any stated sum he may think best to the capital stock of the business. Upon this sum Mr. Kingman agrees to pay a stated percentage per year from the profits of the business, while personally assuming all risk of possible loss. Any workman may leave work on thirty days' notice, taking with him the money invested in the business. The men may belong to any labor organization, but being members of the firm they are not to strike or be locked out. Mr. Kingman writes: "The workmen agree that a fixed per cent. on what money they put in shall represent their share of the profit. I also have the right to employ or discharge whomsoever I choose. The plan has worked perfectly thus far, and I see no reason why it will not be satisfactory to all concerned."

PROFIT-SHARING IN THE GAS MANUFACTURE.

Mr. Eliot Tette, of 11 Walnut street, Boston, introduced profit-sharing in the early part of 1886 among the employés of several large gas corporations in which he was interested.

In a letter of October 18th, of that year, he thus describes his plan:

"My general plan in regard to profit-sharing in the companies which I have charge of is to promise to the men a certain percentage on the semi-annual dividend, this percentage being divided equally among the men. For instance, if the business of the company has been such for six months as to warrant a dividend of three per cent., I have divided among the men three per cent. on the total amount of dividend paid to the stockholders. If, through want of care on the part of the men, accidents have happened, or there has been waste of material or any other neglect through which the amount of net earnings has been diminished (and with them the dividend also) so that only two and a-half or two per cent. can be paid, the men get a sum of money equal to two and a-half or two per cent. on the amount of the dividend—and if for any cause it is necessary to pass a dividend the men get nothing. The plan has been appreciated by the men, who show, I think, more than ordinary interest in the success of the companies. I think well of the plan thus far, and propose to extend its application to other corporations in which I am interested."

It will be noticed that a three per cent. dividend on a capital of $20,000 would be $6,000, and three per cent. of that only $180. It must be borne in mind, however, that capital in the gaslight business bears an unusually large ratio to labor. On being asked if each man could expect to receive enough of the profits, under his mode of division, to be much affected thereby, Mr. Tette replied: "If anybody wants to carry out any plan of profit-sharing he must of course make the amount divided among the employés sufficiently large to be acceptable to them. This is what I have done, and the men have expressed to me their gratitude and their appreciation of the plan."

BOSTON HERALD.

January 1, 1887, the Boston *Herald* instituted profit-sharing among their three hundred and twenty employés, including compositors, reporters, editors, counting-room, delivery and stereotype departments; in fact every one except space writers, who are paid by the piece for articles. Their circular is as follows:

TO THE HERALD'S EMPLOYÉS:

We beg to tender our New Year's greeting by stating to you a purpose which we have had for some time under consideration, and which we believe will be of interest to you.

We have decided to give our regular employés this year, as an experiment, a portion of the net profits of the business, after we have reserved a fair rate of interest on the capital invested.

The portion of the profits to be given to the employés will be divided among those who shall have been in the regular employ of the firm for the whole year, and they will share in proportion to wages received. The amount to be divided will depend upon the financial results of the business, and we ask all our employès to coöperate with us in making the results as favorable as possible. We hope this experiment may be so successful that profit-sharing may be adopted by us as a permanent policy.

In addition to this division of profits, we suggest that a Herald Benefit Society be established, to which every employè shall contribute a small sum each week, and to this sum we propose to contribute a sum equal to the gross amount contributed by the employès.

The object of this society would be to provide a weekly allowance during sickness or disability, a fixed amount to be paid to some person designated in case of death, and possibly some form of pension for those who for any proper cause are unable to continue their work. We suggest that the details of the business and benefits of this society be managed by an executive committee, which should include representatives of the various departments of the business and ourselves.

We request that one person may be designated by each department to meet with us at an early day, for the purpose of discussing and arranging the rules to govern this benefit fund.

With the compliments of the season, we remain,

Yours truly,

R. M. PULSIFER & Co.

Mr. Pulsifer writes January 17: "The idea has been received with pleasure by our men."

THE SPRINGFIELD FOUNDRY Co., of Springfield, Mass., employing about fifty men, introduced profit-sharing with the beginning of 1887. The percentage to be divided is not published. When the treasurer, Mr. Edward W. Seeger, who induced his company to undertake the plan, called the employés together to explain profit-sharing and the conditions of success, the men, largely foreigners, did not at first seem to understand it, but afterward expressed individually their opinion that it was "a good thing" for them.

Many employers of the Connecticut Valley look askance at such projects and do all possible to dissuade any of their number from entering upon them. The owner and manager of one of the large paper mills in Holyoke, Mass., told the writer that he believed in profit-sharing, and would like to introduce it in his own mill, but dreaded the sneers of all his capitalist friends who would sarcastically remark, "Oh, he is trying to curry favor with his help." It is easy to say that one should not be troubled with such taunts, but it is not at all surprising that class prejudices should exert a powerful influence. The fear of social ostracism is not confined to workingmen. With the growth, however, of broader social sympathies, and a knowledge of the benefits accruing to employer as well as employé from profit-sharing in other places, this prejudice may be expected to gradually subside.

THE RUMFORD CHEMICAL WORKS, of Providence, R. I., of which Prof. E. N. Horsford, of Cambridge, Mass., is president, and which is an extensive manufactory of baking powders, acid phosphate and other chemical products, is credited falsely in the press with a system of profit-sharing. The plan introduced December 1, 1886, may be very wise, and deserving of approval, but it does not admit the employés to share part of the profits. Instead of that, bonuses are paid to the employés who have worked for the firm ten years, of a certain per cent. of their year's wages. Ten per cent. is given to those who have been employed ten years or less than fifteen; fifteen per cent. for fifteen years' service and less than twenty; twenty per cent. for those serving twenty years and over; and twenty-five per cent. to those serving twenty-five years. But if the regular yearly wages exceed $1,200, only one-half of the above amount is given. One employed twelve years and earning $600, will receive $60 additional. A novel feature is the offer to any woman in the employ of the company for any time a sum at her marriage equal to a percentage on her last year's salary corresponding with the number of years of employment. One who had been at work four years would receive four per cent. of her previous year's salary; if employed ten years, then ten per cent.

The idea of profit-sharing is rapidly gaining ground in New England, and many manufacturers are only waiting to see the results of present experiments before adopting similar measures themselves.

It is stated that the Sperry Manufacturing Company of Ansonia, Conn., manufacturers of carriage hardware, divided a share of their profits with their employés at the last annual meeting.

As this goes to press news comes of the announcement made January 15th, by Rice & Griffin, of Worcester, Mass., manufacturers of mouldings, sashes and blinds, to their seventy-five employés, that in addition to regular wages, one-half of the net profits of the business, after reserving six per cent. interest on capital, will be given at the end of the year to all employés who have been in the business over six months of the year, according to their wages for the year. As the net earnings of the company have often been twelve to fifteen per cent. on the capital, there is here promise of a generous return to labor. As some one remarks: "There is not likely to be any strike in the Rice & Griffin Company this year."

Intimations are rife of still other experiments, which really need be called experiments no longer. Whether all admit the wisdom of profit-sharing or not, this much can be said: With one or two exceptions, noteworthy chiefly as exceptions, not a failure of the experiment can be found in this country or Europe, and even in the two or three cases where, for reasons not wholly the fault of men, the plan was finally abandoned, there was no failure of the company that tried the plan. In other words, while coöperation has risks incident to all business, indeed has had greater risks in the past, though promising better results in the future, profit-sharing, even if a failure, brings no failure to the business, and has every prospect of being a grand success directly from both a material and moral point of view. The proportion of profits to go to labor must vary with the nature of the business, but the principle of giving some part seems destined to a wide application in the immediate future.

The chief objection of theorists that profit-sharing must be accompanied by loss-sharing, seems to the writer entirely overthrown by the remark that there is, in the present systems of profit-sharing just outlined, a loss-sharing. The workman contributes extra zeal, care and efficiency, for which he receives no extra pay in years of loss. Employers trying the plan believe that the workmen during such years prevent still further loss, and in prosperous times swell the gross profits by an amount fully equal to their share in these profits.

Only two dangers apparently confront the system. One is that employers will allow their men so small a share of the profits as to disappoint the workmen, and render the attempt to induce greater zeal and efficiency nugatory.

Such a tendency, fortunately, is scarcely, if at all, discernible yet. The second danger, as expressed by one of those conducting industry with profit-sharing, is that the mass of workmen will not be intelligent enough to appreciate the advantages to them of the plan and the conditions of success. On the other hand those firms trying it will soon be able to sift out the incompetent and draw to themselves the best workmen, while the necessity of far more state education and of making our present compulsory laws something more than the farce that they are in most states will be so enforced upon all classes as to lead inevitably to an increase of general intelligence.

CHAPTER X.

STATISTICAL TABLES.

The claim of exhaustiveness is not made for the following tables. Some companies, probably, have been overlooked. But the attempt has been made to include all large coöperative companies and as many smaller ones as possible. No company has been included which does not give an equal vote to all stockholders, without regard to the number of shares owned by them.

DISTRIBUTIVE COÖPERATION.

NAME.	Location.	Date of organization.	Capital.	Number of shares.	Number of shareholders.	Annual Trade.	Method of dividing profits, goods being sold at market prices, unless otherwise specified.
New Bedford Indust'l Coöp. Asso.	New Bedford, Mass.	[illegible]	$3,000	300	94	$ 48,000	Equal per ct. dividends on purchases of all.¹
Coöp. Store Co. of Silver Lake……	Silver Lake, Kingston, Mass.……	1875	1,500	300	60	10,000	" " " " "
Plymouth Rock Coöp. Store……	Plymouth, Mass.……	1877	4,500	225	……	42,000	" " " " "
Sovereigns Coöp. Asso.……	Worcester, Mass.……	1875	1,500	300	115	20,000	One-half as much dividend on trade to non-members as to members.
Adams Coöp. Asso.……	Adams, Mass.……	[illegible]	1,500	300	175	……	Same as last.
Arlington Coöp. Asso.……	Lawrence, Mass.……	[illegible]	5,755	1,151	251	50,000	" " "
New Britain Coöp. Store……	New Britain, Conn.…	1876	12,700	200	250	75,000	10 per cent. div. on purchases of members. 5 " " " " non "
Danvers Coöp. Union Society……	Danvers, Mass.……	[illegible]	5,000	500	400	25,000	Dividend on purchases of members.
First Swedish Coöp. Store Co. of Quinsigamond……	Quinsigamond, Worcester, Mass.	[illegible]	3,000	……	……	20,000²	" " " " "
Gardner Sovereigns Coöp. Asso.	Gardner, Mass.……	……	2,600	……	……	……	" " " " "
Riverside Coöp. Asso. of Maynard	Maynard, Mass.……	[illegible]	5,000²	1,000	[illegible]	30,000	" " " " "
Sovereigns Coöp. Asso. of Webster	Webster, Mass.……	1874	4,500	900	250	60,000	" " " " "
Lowell Coöp. Asso.……	Lowell, Mass.……	[illegible]	10,000	2,000	300	80,000	
Progressive Coöp. Asso.……	Worcester, Mass.……	[illegible]	4,000	800	60	27,000	Dividends on purchases of members.
Lisbon Falls Coöp. Asso.……	Lisbon Falls, Me.……	[illegible]	……	……	……	24,000	" " " " "
Lewiston Coöp. Society……	Lewiston, Me.……	……	……	……	……	……	" " " " "
Dexter Coöp. Store……	Dexter, Me.……	……	4,000	……	188	……	" " " " "
Grange Store of Lebanon……	Lebanon, Conn.……	……	……	……	……	18,000	Dividends on trade of all stockholders and patrons who pay $2.
Birmingham Coöp. Store……	Birmingham, Conn.…	……	1,680	84	84	15,000	10 per cent. on purchases of members.
Beverly Coöp. Asso.……	Beverly, Mass.……	[illegible]	7,000	280	……	124,000	No dividends on stock or trade. Sell at cost.
Harvard Coöp. Society……	Cambridge, Mass.…	1882	……	……	720	20,000	" " " " " "
Yale Coöp. Society……	New Haven, Conn.…	1885	……	……	900	12,000	" " " " " "
Division 102……	Salmon Falls, N. H.	[illegible]	4,800	241	212	48,000	6 per cent. interest on capital. Low prices to everyone.
Natick Protective Union……	Natick, Mass.……	[illegible]	8,000	575	400	100,000	Same as last.
Coöp. Store of Rochester……	Rochester, N. H.……	1876	7,000	82	……	60,000	" "
Carrol Coöp. Asso.……	Carrol, Me.……	……	……	……	……	4,000	Benefit of low prices confined to Patrons of Husbandry.
Norway Coöp. Trade Asso.……	Norway, Me.……	1877	……	……	……	6,000	Same as above.

DISTRIBUTIVE COÖPERATION—*Continued.*

NAME.	Location.	Date of organization.	Capital.	Number of shares.	Number of shareholders.	Annual Trade.	Method of dividing profits, goods being sold at market prices, unless otherwise specified.
Foxcraft, Coöp. Asso.	Foxcraft, Me.	....	....	....	......	4,000	Benefit of low prices confined to Patrons of Husbandry.
Belmont Coöp. Asso.	Belmont, Me.	....	....	....	......	4,000	" " "
Patrons Coöp. Corporation	Portland, Me.	1877	40,000	8,000	......	175,000	Benefit of low prices confined to Patrons of Husbandry; to trade, dividends.
Torrington Coöp. Store	Torrington, Ct.	1874	8,000	320	......	60,000	
Torrington Grange Store	Torrington, Ct.	1877	....	....	......	16,000	Same as above.
Samoin " "	Samoin, Me.	....	....	....	......	....	" " "
Morrill " "	Morrill, Me.	....	....	....	......	....	" " "
South Paris " "	South Paris, Me.	....	....	....	......	....	" " "
Norway " "	Norway, Me.	....	....	....	......	....	" " "
Topham " "	Topham, Me.	....	....	....	......	....	" " "
West Bath " "	West Bath, Me.	....	....	....	......	....	" " "
Freedonia " "	Freedonia, Me.	....	....	....	......	....	" " "
Dixmont " "	Dixmont, Me.	....	....	....	......	....	" " "
Swedish Mercantile Coöp. Asso.	Worcester, Mass.	1884	2,300	460	96	19,000	Benefit in way of dividends on stock, and low prices confined to members.
Old Spain Coöp. Society	Weymouth, Mass.	[illegible]	1,500	300	120	30,000	Same as above.
Division 42	Worcester, Mass.	1867	10,000	120	130	150,000	" " "
Amherst Coöp. Asso.	Amherst, Mass.	....	1,300	....	......	42,000	" " "
Acushnet " "	New Bedford, Mass.	[illegible]	6,875	275	107	65,000	" " "
Danvers " "	Danvers, Mass.	1871	2,500	50	50	38,000	" " "
Brockton Coöp. Cash Store	Brockton, Mass.	[illegible]	3,000	600	......	....	
Coöp. Market of Webster	Webster, Mass.	[illegible]	1,000	200	......	....	
K. of L. Coöp. Store Asso.	N. Brookfield, Mass.	[illegible]	1,000	200	......	....	
Industrial Coöp. Asso.	Olneyville, R. I.	....	....	....	......	....	
Union Coöperative	Lowell	....	....	....	......	....	
Canadienne de Lowell	Massachusetts	....	5,000	....	......	....	
Central Union Asso.	New Bedford, Mass.	....	....	....	......	....	
Aggregates as far as reported—53 companies		....	$157,495	19,943	5,470	$1,009,401	

---

[1] Lately increased to nearly $10,000. Per cent. of dividends on purchases to non-members henceforth will be only one-half that to members. [2] Unofficial. [3] Lately increased to nearly $10,000.

The trade reported by the thirty-three stores making returns is $1,609,401. The twenty-five stores giving returns also of capital reported a trade of $1,508,401 on an aggregate capital of $118,466; that is, capital was "turned over" 12.7 times. Applying this ratio to the seven other stores that reported their capital, amounting to $19,100, but not their trade, and we may estimate their probable sales as $242,570. If, now, we suppose that the twelve stores making no returns did an average business of $4,003 or $48,036 in all, we find the entire trade of the fifty-three stores to be $1,900,007 made up as follows:

Trade of thirty-three stores reporting .	$1,609,401
Probable trade of eight others whose capital is $19,100 . . .	242,570
Probable trade of twelve others . .	48,036
	$1,900,007

In view of stores necessarily overlooked in this incomplete survey, and in view of the increase of trade of the other stores since returns were received, it is safe to estimate the entire business of coöperative distribution in New England at $2,000,000.

PRODUCTIVE COÖPERATION.

The following table is taken from facts and tables given in the Massachusetts Labor Bureau Report of 1886, giving the figures of 1885.

NAME.	LOCATION.	Date of Organization.	Annual Product.	Capital.	Number of Shares.	Number of Shareholders.	Stockholders Employed.	Employees not Stockholders.	Average Dividends.
American Coöp. Shoe Company	Stoneham	1882	$50,000	$30,000	150	91	22	23	....
Athol Coöp. Furniture Company	Athol	1879	15,000	5,000	80	23	6	3	....[1]
East Templeton Coöp. Chair Co.	East Templeton	1872	46,000	20,000	200	35	14	9	1.50[1]
Franklin Coöp. Shoe Co.	Stoneham	1880	50,000	20,000	60	69	26	10	....
Kingston Coöp. Foundry Co.	Kingston	1876	20,000	11,900	119	58	11	9	9.75
Leonard " " "	Taunton	1877	77,000	25,000	200	51	60	10	3.60
Middlesex Coöp. Shoe Co.	Stoneham	1875	60,000	15,000	40	47	24	16	10.25
Somerset Coöp. Foundry Co.	Somerset	1867	75,000	30,000	300	48	30	10	7.50
Stoneham Coöp. Shoe Co.	Stoneham	1873	180,000	20,000	80	57	25	35	14.15
Wakefield Coöp. Shoe Company	Wakefield	1883	35,000	15,000	150	90	12	6	6.
Aggregate—10 companies			$605,000	$191,900	1,379	570	219	135	

[1] Losses by fire.

All profits go to stockholders.

The business for 1886, allowing the same rate of increase, ten per cent., as in recent years, was in all probability as much as $665,500 in the above ten companies.

Two companies outside of Massachusetts—at Nashua, N. H., and South Rygate, N. H., report a business for 1886 of about $50,000, and returns as follows have been received from coöperative productive companies other than those in the above table, that were in business during all or part of 1886.

PRODUCTIVE COÖPERATION.

NAME.	LOCATION.	Capital.	Number of shares.	Number of shareholders.	Number of workmen.	Date of beginning business.	Business in 1886.	Estimate of business in 1887, based on business of Nov'r to Jan. 1886-7.	
Coöp. Granite Works of S. Ryegate.....	South Ryegate, Vt.	$2,000	20	23	14	1886	6,000	$8,000	All profits go to stockholders. Nine stockholders are workmen.
Rhode Island Coöp. Printing and Pub. Co.	Providence, R. I..	1,500	300	250	....	1886	8,000¹	7,280	All profits go to stockholders. Labor organizations own part of stock. All workmen must be stockholders.
S. Norwalk Coöp. Hat Co............	South Norwalk, Conn.	5,000¹	50	35	80	1885	30,000	30,000¹	All profits go to stockholders. About one-third of workmen own stock.
Coöp. Iron Foundry..	Nashua, N. H....	22,000	220	....	....	1881	42,000	42,000	All profits above 6 per cent. interest on capital go henceforth to labor.
North Dighton Coöp. Stove Co.........	Taunton, Mass....	11,500	175	27	22	July 1886	......	......	All profits go to stockholders. Seventeen workmen own stock.
Lynn K. of L. Coöp. Boot and Shoe Co.	Lynn, Mass.......	8,000²	80	60	40	1886	35,000¹	60,000	About 35 workmen own stock. Ten per cent of net profits go to K. of L. Assem. 45 per cent net profits go to stockh'd'rs. 45 " " " workmen.
Spencer Coöp. Boot and Shoe Co.......	Spencer, Mass....	6,200	620	100	15	1886	12,000¹	30,000	After payment of 6 per cent interest on capital, and reserving 25 per cent of net profits for sinking fund, rest goes to labor and capital in proportion borne by year's wages and capital.
Coöp. Printing and Pub. Co. of Boston..................	25 Beach street, Boston, Mass.	5,000	500	40	25	1885	......	......	10 per cent net profits goes to labor. 5 " " " Dist. 30, K. of L. 10 " " is reserved as surplus. 25 " " " for contingencies. 50 " " goes to propaganda.
Coöp. Granite Works.	W. Quincy, Mass.	....	....	....	....	1885	......	......	
Haverhill Printing and Pub. Co......	Haverhill, Mass..	....	....	....	....	....	......	......	
Aggregate—10 Companies..........		$62,400					$133,000	$177,280	

¹Estimate by writer, where companies neglected to report and in one or two cases declined to make complete returns. In most cases, especially at Lynn and Spencer, the estimates are certainly not far from the truth. ²Since increased to $10,000.

If we assume that the four companies from whom no return of out-put has been obtained averaged a business of $13,000, or a total of $52,000, and one, the Coöperative Printing and Publishing Company of Boston, probably did a business of over $20,000, the entire business of the coöperative production in New England in 1886 may be safely estimated thus:

$665,500—as per previous table, increased ten per cent. from 1885.
133,000—business reported above.
52,000—business estimated.

$850,500—total business of twenty companies in 1886.

The present rate of business of these companies, joined to what may be done in the companies just organized, viz.: The K. of L. Coöp. Elastic Fabric Company of Chelsea; Scituate Coöp. Shoe Company, of Scituate, Mass.; Westboro Factory Association, of Westboro; K. of L. Coöp. Boot and Shoe Company, of Beverly, Mass., and the Brockton Coöp. Boot and Shoe Company, of Brockton, gives certain promise of a business exceeding $1,000,000 in 1887.

CREAMERIES.

The following creameries in Massachusetts were doing business in 1886. They were not minutely investigated, from lack of time and from the belief that they were of less moment than other classes of coöperative enterprises, although undoubtedly doing a good work, and, as a whole, prospering in it.

NAME.	LOCATION.	Capital.	Value of a Share.
Springfield Coöp. Creamery...	Springfield, Mass..	$22,000	$20 00
Lowell Coöp. Milk Asso.......	Lowell, "	25,000	20 00
Amherst Coöp. Creamery Asso.	Amherst, "	2,700	10 00
Berkshire Creamery Coöp Asso.	Sandisfield, "	1,400	25 00
Conway Coöp. Creamery Asso.	Conway, "	3,500	25 00
Cummington " " "	Cummington, "	2,500	25 00
Egremont " " "	Egremont, "	3,500	35 00
Hatfield " " Co...	Hatfield, "	1,500	60 00
Hinsdale " " Asso.	Hinsdale, "	4,000	24 00
Rutland " " "	Rutland, "	2,000	10 00
Aggregate—10 companies......................		$68,100	

The Amherst Company on a capital of $2,700 did a business of about $60,000 in 1886. It is probable that all the above, together with coöperative creameries in the other New England States, did a business in 1886 of $500,000.

The forthcoming report of the Massachusetts bank commissioners for 1886, reveals a business of $3,229,072.20. Certainly the coöperative banks of Massachusetts and the five or six of the other New England states have done $3,500,000 of business in 1886. The aggregate business of these various forms of coöperation in 1886 may be thus found:

Distributive coöperation did a business in 1886 of.........	$2,000,000
Productive coöperation exclusive of creameries did a business in 1886 of......................................	850,000
Creameries had a business of...........................	500,000
Coöperative banks did a business of....	3,500,000
Total..	$6,850,000

Possibly, enough coöperative companies have been overlooked, or business underestimated in this investigation, to swell the total to $7,000,000. The coöperative business of New England in 1887 will surely reach $7,000,000.

II-III

COÖPERATION

IN THE

MIDDLE STATES.

JOHNS HOPKINS UNIVERSITY STUDIES

IN

HISTORICAL AND POLITICAL SCIENCE

HERBERT B. ADAMS, Editor

History is past Politics and Politics present History.—*Freeman*

SIXTH SERIES

II-III

COÖPERATION IN THE MIDDLE STATES

By EDWARD W. BEMIS, PH. D.

BALTIMORE
PUBLICATION AGENCY OF THE JOHNS HOPKINS UNIVERSITY
1888

COPYRIGHT, 1886, BY N. MURRAY

BALTIMORE:
FROM THE PRESS OF GUGGENHEIMER, WEIL & CO.
1886.

TABLE OF CONTENTS.

PAGE

INTRODUCTION 141

I. DISTRIBUTIVE COÖPERATION 141
  1. Philadelphia Industrial Coöperative Society 143
  2. Mechanics' Store Co. of Seneca Falls, N. Y. 145
  3. Trenton Coöperative Society 145
  4. Brunswick Coöperative Store 146
  [illegible] Phœnixville Coöperative Society 147
  [illegible]eshannock Coöperative Society 149
  [illegible]ingsland Coöperative Society 149
  8. Fruit Growers' Union 149
  9. Recent Stores 150
  10. Table of Gross Profits 152

II. PRODUCTIVE COÖPERATION 156
  1. At Troy, N. Y. 156
  2. At Rochester, N. Y. 158
  3. Frankford Coöperative Company 160
  4. Chester, Pa., Manufacturing Co. 160
  5. Other Companies 161
  6. Solidarity 162
  7. Legislation Needed 166

III. PROFIT-SHARING 166
  1. A. S. Cameron & Co. 166
  2. Brewster & Co. 168
  3. Rogers, Peet & Co. 171
  4. Haines, Jones & Cadbury 174
  5. John Mundell & Co. 175
  6. John Wanamaker 175
  7. Nelson Lyon 177
  8. Wood, Morrell & Co. 179
  9. Alfred Dolge 180

IV. COÖPERATIVE BUILDING ASSOCIATIONS 183

C

COÖPERATION IN THE MIDDLE STATES.

Having had occasion to refer to the early history of coöperation in these states, in describing the achievements in New England of the New England Protective Union and of the Sovereigns of Industry, it is unnecessary for me to consider this early period again at any length. Protective Union stores selling goods at cost flourished for a short time in many places, but had almost entirely disappeared prior to the civil war.

The first important date in the history of distributive coöperation in the field of our present study is December 16, 1862, when Union Coöperative Association No. 1, of Philadelphia, was organized. This appears to have been the first store in America organized on the Rochdale plan. One of its founders, Mr. Thos. Phillips, late labor candidate for mayor in Philadelphia, has furnished an account of the enterprise. On behalf of the association he obtained from the Rochdale Pioneers of England their constitution and other documents, which furnished the model for the store opened in April, 1864, with twenty-three members. Dividends on trade and all the familiar principles of English coöperation were adopted. Sales rapidly increased, until a business of $7,751.34 was done in the second quarter of 1866. But the great rock upon which coöperative enterprises are likely to split was encountered. Expenses were suffered to increase faster than trade. It often pays in private business to incur heavy expenses at the start in advertising. But where there is so little general interest in coöperation as to render such a course necessary in coöperative undertakings, the enterprise is almost sure to fail. It is the slow but steady growth, with expenses for rent, wagons, teams, fuel, and all other purposes, below ten per cent. of the trade, that alone leads to enduring success. Mr. Phillips tells the whole story when he writes:

> "Everything at this time looked promising. Sales, membership and stock were increasing. Public meetings were held and every effort made to establish the store at the new stand. But the cry that the store must go to the people, instead of the people must come to the store, was the loudest, and consequently branches No. 1, 2 and 3 were established. Trade and membership did not increase in proportion to the outlay. Profits ceased. Business fell off and Branch No. 1 was closed, being located among a class of people who cared not *for* coöperation. The summer soldiers and sunshine coöperators began to withdraw their stock and throw a wet blanket over the concern."

In November, 1866, the store was closed. "It was a great disappointment," writes Mr. Phillips. "Our hearts were set on success, but it was our fate to fail."

Yet the record of this first American experiment on the Rochdale plan is not wholly one of failure. From 1863 to 1866 there was published in Philadelphia the organ of American trades-unions, *Fincher's Trades' Review*, which was very friendly to coöperation, carried far and wide news of the above store, and thus led to the organization of many others. Most of these failed, but not all. Out of the experience of failure has come success, until now, as will soon be shown, strong societies have arisen to demonstrate that the growing intelligence and spirit of coöperation of American workmen can transform the experiments of a few so-called dreamers into practical means of social reform. As described in the previous chapters, the Sovereigns of Industry established many stores in the Middle States. Extravagant expenses, mistaken methods, incompetent managers, and, chief causes of all ills, jealousy and ignorance among coöperators who would not coöperate, led to the same results as in New England. A detailed description of all this would be fruitless. I propose rather to confine myself to such existing enterprises as have survived all perils and proved their right to exist.

THE PHILADELPHIA INDUSTRIAL COÖPERATIVE SOCIETY (Limited) is the largest and one of the oldest coöperative societies in the country. Organized in 1874 on the Rochdale plan described in the chapters on New England, this company, with its central store and three branches, did a business in its twelfth year ending November 13, 1886, of $171,278.04, divided as follows:

Groceries,	$123,636 16
Meat,	19,773 11
Dry Goods,	8,908 33
Boots and Shoes,	13,499 94
Coal,	5,461 50
	$171,278 04

No dividends on sales of coal are made. On the rest of the trade $5,302.10 dividends were paid to members fixed and $764.14 to non-members. The latter received a dividend of three per cent. on their purchases. Members receive from three to eight per cent. trade dividends as the business permits, besides six per cent. interest on stock. Trade is exclusively for cash. Every member must deposit twenty-five cents on applying for membership and pay for five shares of one dollar each in four monthly or two quarterly installments. No one can own more than two hundred shares or have more than one vote. All share capital receives six per cent. interest. Three negative votes of the Board of Directors, or five other negative votes on appeal to a general meeting of the society, will exclude a member. Any member can withdraw all his shares but five on sufficient notice to the directors. Two weeks' notice is required for the withdrawal of ten shares, and four weeks for the withdrawal of fifty. Any member may, with the consent of the directors and subsequent confirmation of the society, transfer his shares to any other person. On the death of a member his shares may be transferred to his heirs or resold to the company, as the heirs may prefer. Should the directors have more cash on hand than they can profitably invest, they may reduce the number of shares held by members, beginning with those holding the most shares. All the fixed stock is depreciated six per cent. quarterly. Auditors examine the accounts quarterly. No director can vote in awarding contracts to any business in which he is interested, nor, if he becomes bankrupt or insolvent, can he hold any office in the society.

The capital in the hands of 2,355 members is about $40,000, half of which is invested in the store buildings and other property connected therewith, which, it is estimated, would sell for $9,000 more than the value credited to it. Only groceries were sold prior to 1880, when the other departments were added. The dry goods store was badly managed. Unsaleable goods were credited at their full value, until a close inventory in 1885 revealed an alarming deficiency and led to the abandoning of this department, the management of which the present directors do not feel competent to undertake. Again, careless bookkeeping and inefficient auditing during 1884–5 led to considerable diminution in the profits. But with a better general manager and a more competent bookkeeper the company seems destined to resume the rapid growth which characterized its earlier years. Five per cent. of the net profits are placed to the account of the reserve fund, which now amounts to $4,500, and the financial standing of the society is excellent.

It was shown in the account of eleven representative and successful coöperative companies in New England, doing a business of over half a million dollars a year, that the average percentage of running expenses to trade was only 7.8. In Philadelphia the percentage is eleven, which is much too high, and explains the comparatively low dividends on trade of four and five per cent. common in recent years. The larger the store the smaller should be the percentage of expense to business done. As the store has demonstrated its ability to live and prosper, criticism may seem idle. It is perfectly evident, however, that with less expense, which ought to be perfectly practicable, greater success would follow.

THE MECHANICS' STORE COMPANY OF SENECA FALLS, N. Y., which began business November 1, 1872, on the Rochdale plan, has sold over $200,000 worth of goods, and after paying from six to eight per cent. on the paid-in capital of $265.44, has paid dividends of $5,137.50 to members and non-members, according to their trade, and accumulated a surplus of over $2,000. The profits would have been greater were it not for trusting, which has caused a loss of three-fourths of one per cent. on the amount of sales. Goods are sold at five per cent. below market prices, but nevertheless $467.94 profits were divided in 1886 on a trade of $13,054.77.

The secretary, Samuel Waller, writes:

"We find from our experience of fourteen years that the greatest obstacles to the success of coöperation are the ignorance and prejudices of those who are to be benefited by these coöperative business enterprises. They are so extremely suspicious and selfish that it takes but little effort and labor of the middlemen and their friends, enemies to coöperation, to become disloyal to the principle and the association of which they may be members."

THE TRENTON COÖPERATIVE SOCIETY.

This very prosperous society, which began business on the Rochdale plan with a capital of $700 April 30, 1885, did a business in 1886 of $49,958.20, on an average capital of between $3,000 and $4,000, in $5 shares. These shares may be paid for in weekly payments of fifty cents each. Very little trusting is done. The total expenses last year were 9.1 per cent. of the trade, or allowing for the rent that the company would have been obliged to pay if it had not owned the store, 10.2 per cent. This moderate percentage of expenses, combined with prevailing high retail prices in the city, permitted of a dividend during 1886 of $5,950.42, or one quarterly dividend of twelve per cent., two of fourteen per cent., and one of fifteen per cent., to members on every dollar's worth of goods purchased by them, and half the percentage to non-members, besides paying six per cent. interest on capital, appropriating $352.95 to a reserve fund, $163.70 to an educational fund, and $250 to a land fund for the payment of a building recently purchased for $10,000, for the store and for other purposes. From the profits of each quarter there is thus set aside a sum equal to ten per cent. per annum on the unpaid balance on the real estate owned by the society. This land fund will pay for the property in a few years, and make the society one of the strong financial institutions of the state.

A better showing could not well be asked for. No wonder the membership grew from 193 at the close of 1885 to 420 at the close of 1886, and the paid-up capital from $2,430.94 to $5,787.12. One of the shareholders informed the writer that already the dividends on his trade, with the six per cent. interest on stock, had increased his $5 share to $60, which was left in the business. The possibilities of accumulating capital in this way are almost unknown to the masses. Yet the only difference between this store and scores that have failed lies in the intelligent comprehension of the members of the real conditions of success.

THE BRUNSWICK COÖPERATIVE STORE.

This society, organized on the Rochdale plan August 15, 1881, and doing a business in 1886 of $25,937.57 on a capital of $3,248.67, owned by 115 persons in $5 shares, is evidently under too great expense to permit high dividends, since the expenses for wages, rent and incidentals are thirteen per cent. of the trade. The several quarterly dividends on trade in 1886 averaged four per cent. on the trade of members, and two per cent. on that of non-members. Interest of one and a-half per cent. quarterly is paid on capital, five per cent. of the remaining profits are held as a contingent or sinking fund until a sum equal to thirty per cent. of the capital stock is accumulated. Of the remaining profits, two and a-half per cent. are placed to the credit of an educational fund, as in the Trenton Society just described, to be disposed of by the board of trustees, subject to the approval of the members at any regular or special meeting. As in all the societies thus far described, non-members receive half as large a per cent. dividends on their purchases as members. As in some English stores, a dividend is also paid on the wages of employés of about the same amount as on the trade of members. This idea, which seems quite in accord with the spirit of coöperation, prevails in very few American societies.

THE PHŒNIXVILLE COÖPERATIVE SOCIETY.

This society, at Phœnixville, Chester county, Pennsylvania, was organized on the Rochdale plan January 12, 1885. The first year the sales amounted to $17,880, and in 1886 to $31,864.90. Quarterly dividends were paid on the members' trade of six per cent., and half as much to non-members. A dividend of five per cent. was also paid on the salaries of employés. About six per cent. of the sales of groceries, boots and shoes, was to members. Coal was sold at a reduction of a dollar a ton below previous market rates. Whatever else the store has accomplished, it has certainly forced all the merchants of Phœnixville to reduce greatly their prices.

The stock of the association in one dollar shares, of which every member must have at least five, grew from January, 1886, to January, 1887, from $3,173.24 to $4,928.36, and the number of members from 125 to 180. No member can own more than 500 shares. On being admitted to membership in the association a fee of fifty cents is paid and five shares of stock subscribed for, which may be paid by installments of ten cents a share a month, the first installment being not less than one dollar. These first five shares are not withdrawable, but may be transferred. Stock in excess of five shares may be withdrawn on notice, which varies in time from one to twelve weeks, according to the amount to be withdrawn.

Dividends on trade, as well as the six per cent. interest on stock are often left in the society to increase the capital. The stock of members is thus in several cases increased from twenty to three hundred per cent. and upward a year, according to the amount of their trade. No trusting is done. The expenses were only 8.4 per cent. of the trade in 1886—a good exhibit, which alone enabled the store to withstand the fierce competition and tempting offers of credit of the rival stores.

Mr. M. G. Lippert, of the Board of Directors, thus writes:

> "I may add that we are doing now, after a two years' struggle against competition of the storekeepers and indifference on the part of our own members, a fair business, although not by far as well as we ought to, if our people knew their own interest. And it is a curious fact that the workingman more than any other class of people stands aloof with suspicion and distrust, although the enterprise was founded by workingmen and for their interest. I think, however, the pernicious credit system in vogue at the other stores is a great disadvantage to us. On the whole we are satisfied with what we are doing; at the same time we find it necessary to stir up our members continually, as they are apt to become indifferent. It is no doubt true that the workingmen of America do not take to coöperation as kindly as those of England or the Continent. What the cause of this apparent indifference, if not distrust, may be, I am at a loss to know. Perhaps it is because it has never been tried here on a large scale or with marked success. The *few* associations, like our own, or the Philadelphia Coöperative Association, are like oases in the desert."

A partial answer to our friend's queries may be found in the fact that American workmen have hitherto largely despised the small eco̊nomies of trade, have been migratory in habits, too independent in character to desire union with any one, and ignorant of the advantages of the cash system and the results of English coöperation. Education, organization, and experienced managers for such enterprises, with the legal prohibition of pluck-me, or company stores, and the tendency toward weekly payments of wages, are fast paving the way for practical coöperation on an extensive scale in America.

The Neshannock Coöperative Society, of Neshannock, Mercer county, Penn., which commenced business on the Rochdale plan in May, 1873, has now a paid-in capital of over $6,800 in five-dollar shares, owned by ninety-three persons. No one can hold more than one hundred shares. The interest on capital is only four per cent. The yearly trade is about $23,000, on which $3,116.64 profits were divided in 1886, giving nine and a-half per cent. dividends on the trade of members, and half as much on the trade of non-members. There is no trusting save to members, and to them only when they place sufficient shares of their stock in the hands of the secretary as collateral to cover such indebtedness. Business is not growing much, because the works at this place are nearly exhausted, but the coöperative store claims to secure the largest share of the business of the district.

The Kingsland Coöperative Association, of Kingsland, N. J., organized in 1884, on the Rochdale plan, has sales of about $20,000 a year, and keeps its expenses down to about eight per cent. of that, by which means, and by careful management in other ways, the dividend in 1886 on the trade of members amounted to ten per cent. Interest of seven per cent. on capital was paid. This showing is very good for a small town only nine miles from New York, on the Delaware, Lackawana & Western R. R., and thus open to the competition of the large city stores.

The Fruit Growers' Union and Coöperative Society, of Hammonton, N. J., organized in 1867, and reorganized in 1884, had a membership, February, 1887, of 283, and net assets of $8,096.60. All kinds of merchandise, including agricultural implements, fertilisers, hay, coal, etc., are sold. The trade in 1886 was $45,940.45, on which a dividend of five per cent. was paid to members and two and a-half per cent. to non-members. Goods are sold very low, and this dividend is only made possible by the low ratio, only 4.8 per cent., of expenses to trade. Six per cent. interest is paid on stock, and five per cent. of the net earnings are set aside for a contingent fund until this shall reach thirty per cent. of the capital employed.

The society was organised for the purpose of handling fruit to advantage, which is still the business most important to members; 3,286,303 pounds were thus shipped in 1886. The society receives two per cent. commission on the gross sales of all fruit of the members, and the railroad, in consideration of services rendered, pays a percentage on fruit shipped to eastern markets. This account is kept separate from the store business, division is made on the net earnings of this department, and paid to shippers *pro rata* in stock. The shipping department owns the plant and charges the store rent, in order to keep the accounts separate, as there are some customers at the store who are not shippers, and *vice versa*.

At Raritan, N. J., a store was opened in January, 1886, which is controlled by the employés of the Raritan Woollen Mills. The sales, confined to these employés, amounted in the first six months to $35,795.25, on which a six and a-half per cent. trade dividend was given according to the Rochdale plan.

Several interesting experiments in distributive coöperation have been started too recently for one to judge of their probable success. One of the most promising is the Buffalo Pioneer Coöperative Society, which had a capital March 1, 1887, of $3,063.66 in twenty-five dollar shares in the hands of three hundred stockholders. The store, when visited, had just been opened in a good brick block, and reported a trade of nearly four hundred dollars a week at the start. The method of dividing purchases is curious. Twenty per cent. of the net profits are paid as interest on capital, thirty per cent. as dividends on the trade of all, whether members or not. Fifteen per cent. goes to a reserve fund, twenty-five per cent. to a building fund, and the remaining ten per cent. to an educational fund. The twenty-five dollar shares may be paid for at the rate of twenty-five cents a week. No one can own more than one share. Believing that ignorance is the great foe of coöperation, the directors propose to have a library and reading room in connection with the store, and already for a year have been issuing a monthly paper called *The Pioneer Coöperator*, which must exert a good influence in favor of the store and of other coöperative enterprises, which it is hoped will in time be started in Buffalo.

The Trenton Coöperative Business Association, of Trenton, N. J., which began to sell groceries in June, 1886, is now doing a business of about $6,000 a month with a capital of $8,000 in twenty-five dollar shares, owned by two hundred and fifty stockholders, but will have to reduce its expenses and trust less if it would long continue. The expenses prior to January, 1887, were 16.8 per cent. of the sales, and the bills and accounts receivable for seven months' business were reported as $2,299.25. The manager, however, was confident when visited that there would be a ten per cent. dividend in June, 1887, on the trade of members, and five per cent. on the trade of non-members, besides interest at the rate of 7.3 per cent. on capital.

The statistics of coöperative stores conducted on the Rochdale plan furnish material for determining in some measure the much discussed question as to the costs of retail trade in those departments like groceries and meat where competition is keenest. Since many of these stores keep accurate accounts and claim to sell at prevailing market prices, though very likely a little below, it is easy to determine the average increase in price to the consumer over that charged by the wholesaler. The following table has been prepared with this end in view, stores being selected with sole reference to the completeness of their reports:

NAME OF COMPANY.	Price paid to wholesaler.	Price obtained from consumer.	Increase of price.	Percentage of increase of price to wholesale price.	Expenses exclusive of interest on capital.	Percentage of expenses to wholesale price.
New Bedford Industrial Coöperative Association of New Bedford, Mass.	$38,116 88	$44,803 11	$6,686 23	17.5	$3,632 05	10.08
Coöperative Store Company of Silver Lake, Mass.	10,385 01	11,614 77	1,229,76	12.	817 00	8.51
Riverside Coöperative Association of Maynard, Mass.	16,187 03	19,231 26	3,044 23	12.6	1,728 20	10.8
Arlington Coöperative Association of Lawrence Mass.	37,324 43	45,384 94	8,060 51	21.	4,000 00	11.48
Danvers' Coöperative Union Society of Danvers, Mass.	9,108 18	10,828 14	1,719 96	19.	806 02	9.52
Philadelphia Industrial Coöperative Society of Philadelphia.	137,581 22	165,816 54	28,235 32	20.	16,160 70	13.2
Mechanics' Store Company of Seneca Falls, N. Y.	9,887 72	13,054 77	3,167 05	32.1	2,150 00	21.74
Trenton Coöperative Society of Trenton, N. J.	39,946 53	49,958 20	10,011 67	25.	5,093 06	12.75
Brunswick Coöperative Society of Brunswick, N. J.	21,245 65	25,937 57	4,691 92	22.	3,368 57	15.86
Phœnixville Coöperative Society of Phœnixville, Penna.	27,689 96	31,864 90	4,174 94	15.4	4,304 17	8.5
	$347,472 61	$420,494 20	$60,021 59	17.27	$44,260 79	12.74

This table, prepared without reference to its bearing on any theory, and which includes a fairly representative class of stores, in four states, in which not only groceries, but in many cases meat and even boots and shoes are sold, seems, in part at least, to disprove the popular opinion that the price of goods to the consumer is raised by the retailer from thirty to one hundred per cent. over the wholesale price. The disproof is not complete, since an ordinary retail store must necessarily pay more for advertising, for delivery of goods, and as an insurance against bad debts. In return such a store will charge probably five to ten per cent. more than a coöperative store and still retain the trade of all who prefer to buy on credit, or who have not the *esprit de corps* necessary to induce patronage of a coöperative enterprise. In these ten stores at least, doing a business of $430,494.20 in 1886, the retail price was only 17.37 per cent. above the wholesale. The expenses for wages, rent, teams, freight from the wholesaler, depreciation of stock, insurance, ice, water-rent, taxes, stationery, and all other incidental running expenses, exclusive of interest on capital, amounted to 12.74 per cent. of the cost price, or nearly three-fourths of the entire increase in price. Interest at five per cent. on the capital employed, which was returned as $66,242 actually paid in aside from surplus, would be $3,312.10; this is almost one per cent. of the wholesale price, leaving only an average percentage of 3.6 per cent. on the wholesaler's price which can be credited to profits, and which admitted in these stores of an average dividend of not quite 4.5 per cent. on the retail price.

Another interesting fact revealed in the above table is that the retail prices in the five representative stores of the Middle States are a larger increase over wholesale prices than in the New England stores. Competition is less active. As a consequence of this, though expenses are considerably higher in proportion to trade in the Middle States, equally high dividends are often paid as in New England. Much higher dividends on trade ought, however, to be earned in the former section, since there is no reason why expenses should be higher in New Jersey than in Massachusetts.

A noteworthy instance of what might be achieved with good management is seen in the report of the Beverly Coöperative Association, of Beverly, Mass., which, declaring no dividends, has sold for years at just enough above cost to defray expenses. $116,776.53 worth of goods were thus sold there last year at a rise of only 6.96 per cent. over the wholesaler's price. Almost as good results could be accomplished everywhere. If the costs were even eight per cent. of the wholesaler's charges instead of 12.74 in the ten stores just named, they might have declared last year in the aggregate twice as large a dividend on trade as they did. The trade of all the coöperative stores of the Middle States in 1886 was found to be about $700,000, or one-third that of New England. It is often asked: "What possible benefit can be derived from coöperative stores?" The answer is not difficult. First and foremost, a successful enterprise of this kind does a vast deal to educate its hundred or thousand or more members in business methods. Although but few may be called to serve as officers, all will obtain in their frequent meetings a knowledge of the risks and responsibilities of business which will do much to counteract current economic heresies, while the experience gained cannot help but be valuable in any work which these members may afterward undertake. By promoting cash trade, which most of these stores insist upon, prudent buying is vastly promoted, and a man's moral fiber is strengthened by his feeling of freedom from debt. Saving is encouraged, since the members are encouraged to allow the dividends on their trade and the interest on their stock to remain in the business.

Many sound economic reasons for the superiority of a properly managed coöperative store have elsewhere been given. A step forward will doubtless ere long be taken which will add to the present advantages one other which will, the writer believes, make it fully possible for a well-managed coöperative store to succeed better than the best managed private competitive. This advantage will be gained by the establishment here in the near future of such a coöperative wholesale store as has enabled the exceedingly successful English coöperative stores to obtain all the economies in purchasing goods which at present in this country are only possible to the largest stores.

CHAPTER II.

PRODUCTIVE COÖPERATION.

The ideal of all coöperators is to engage in manufacturing whereby the present wage-earners in our factories may share in the profits, and through their chosen managers conduct their own business. Rightly understood, there is in this attempt no vain expectation of dispensing with the services of a manager, or any idle assumption that every wage-earner is equally competent for performing these services. The fundamental propositions advanced in favor of productive coöperation are that men will work far more efficiently when they expect to receive all the rewards of their industry, and that in order to gain this advantage men will contribute capital and have the intelligence sufficient to choose good managers and adopt wise regulations for their own governing, and will then have the moral qualities necessary to prevent all serious jealousies and dissensions, and in short that the would-be coöperators shall be willing to work harmoniously together. It is impossible to predict what the future organization of industry will be, but to any believer in the gradual elevation of the race morally and intellectually, these simple but fundamental conditions of success in productive coöperation will seem nearer and nearer of realization with every decade, and even temporary failure may be considered but the preparation for future success. Viewed in this light it becomes interesting to note the history of two conspicuous failures before considering existing coöperative manufactories.

The first coöperative foundry company in America was the Coöperative Stove Works, of Troy, N. Y., founded in

April, 1866, as the result of a strike. The men, a large number of whom were Irish, Dutch and French, were ignorant of the proper safeguards and adopted a plan which was doomed to failure. Out of any profits there was to be paid first an interest of ten per cent. on capital, and all the rest of the profits were to be divided equally between each stockholder working for the company without regard to the amount of stock he held, though only one vote was given to a member. All the stockholders did not work in the foundry. Very soon those who did, and who were a majority of the stockholders, concluded quite naturally that they could make more by raising their wages so as to keep the profits below ten per cent. No sooner was this done than those stockholding employés who owned but one or two shares apiece went one step further and increased their wages to such an extent as not even to leave any interest for capital. As stockholders these small ones suffered, but as wage-earners they gained still more. This was too much for the larger stockholders and for those not employed in the business. After a short time they succeeded in amending the constitution so that each stockholder could vote according to the number of his shares. Wages were at once reduced to the market level after a big strike, and the profits were divided as in any joint-stock company, although for several years all profits above ten per cent. were placed in a surplus fund and used in extending the business. The company, strange to say, prospered during all these internal troubles, and now does a business of nearly a quarter of a million dollars annually. The capital is $106,000 in one hundred-dollar shares, and there is a surplus of $16,000. There are about twenty-five stockholders, among which are only ten of the two hundred employés. Six men own more than half the stock. Only one fact need be given to show the unfitness of the men for coöperation. When the plan of dividing the profits was changed and large dividends were paid on capital, two-thirds of the stockholders became reckless and dissipated, and sold out to the few.

The great mistake was made at the start in the method of dividing the profits. After paying a moderate interest, say six or eight per cent., on capital, the rest of the profits should have been divided between capital and labor in some fair way. For example, in the proportion which the entire capital bore to the aggregate yearly pay-roll. Then the part going to capital should have been divided between its owners according to their stock, and that to labor should have been given to the permanent employés according to their individual wages. This plan is substantially that described in the chapters on New England as recently introduced in some coöperative companies there. It is also the plan followed in some English coöperative manufactories, and would have prevented the ruinous rise of wages at the expense of capital. In all probability, however, the conditions were not ripe for coöperation in Troy, and any plan would have failed.

THE COÖPERATIVE FOUNDRY COMPANY, of Rochester, N. Y., organized in June, 1867, has had a history somewhat similar to the above. Mr. John M. French, previous to 1867, had been engaged in the foundry business in Rochester. On his failure, fifty of his employés, most of whom were Germans, with a sprinkling of Americans and Irish, formed a coöperative society to continue the business. They were fortunate in securing for a foreman Nicholas Brayer, and for secretary and treasurer Edward W. Peck, who have been with the company ever since. But they were not so fortunate in their by-laws. Stockholders voted according to their stock, and as in the Troy company, no efficient check was put upon the absorption of most of the shares by a very few persons. After reserving a certain portion of the profits for a contingent fund, twelve and a-half per cent. interest was to be paid on capital, and the rest of the profits, if any, were to go to all employés who were stockholders, in proportion to their wages. But there were employés who were not stockholders, and who clamored for higher wages when their colaborers received these labor dividends. The stockholding employés were not fully alive to the benefits they were enjoying, which sometimes increased their wages twenty-five per cent. and one year forty per cent., nor were they fully aware that the continuance of the same must depend on an increase of their efficiency proportional to their share in the profits. Finding that ownership of one share would give them as much right to the labor dividend as more stock, they sold all but one share apiece to non-employés, who after a while owned more than half the stock. The latter non-employé stockholders saw little advantage in the labor dividend as it was then working, and therefore, being a majority of the stockholders, they first raised the interest to be guaranteed capital to seventeen and one-eighth per cent., then to twenty-five per cent., and finally abolished the labor dividend altogether about two years and a-half ago.

The business has continued to grow during this gradual change to a joint stock company, and now employs two hundred and fifty men, of whom thirty-five are stockholders. The capital of $200,000 is owned by fifty-four persons. The shares which were originally one hundred dollars each still pay ten per cent. dividends, and sell at fifteen dollars premium, though watered one hundred per cent. Tho yearly business is $350,000, and steadily growing, while new buildings are being added to the business. One who has been connected with the management from the beginning candidly admits that the labor dividend helped the business a good deal at first by eliciting more and better work from the stockholding employés than they would have rendered as mere wage-earners.

The greatest mistakes seem to have been the provision that capital should not share with labor in extra profits, the lack of equality of vote, and the failure to prevent the accumulation of stock in a few hands as might have been done by such strict by-laws as we have noticed in many coöperative societies. These mistakes of method, and, underlying all, the ignorance and lack of coöperative spirit among the men, and not any inherent weakness in coöperation as such, led to the gradual relinquishment of what few coöperative features had originally been adopted. There is no doubt that the supposed failures of coöperation at Troy and Rochester deterred many bodies of workmen from elsewhere organizing industries which might have prospered.

There were earlier attempts at productive coöperation like that of the tailors of Philadelphia, but space forbids their consideration. After many abortive attempts, a few coöperative factories have been started which seem to be prospering finely. Among such may be named the FRANKFORD COÖPERATIVE MANUFACTURING COMPANY, of Frankford, Penn., near Philadelphia, engaged chiefly in the manufacture of Turkey Red Damasks or table cloths. Organized in June, 1885, the factory, with twenty-five employés, turned out a product of $60,000 in 1886, and made a profit of more than ten per cent. on its $15,000 paid-in capital. This stock, in fifty dollar shares, is held by one hundred and twenty-five persons. Nearly all of the employés are stockholders, although in many cases the full amount of a share is not paid at once, but by installments. As in many English companies, from whom the plan of this organization was copied, the profits are all paid on stock, and the constitution contained, up to a recent date at least, no provision limiting the amount of stock anyone might own, though each stockholder has only one vote. But the able manager, Mr. Frank Binns, who has had experience in productive coöperation in England, has striven to secure a large number of stockholders and to interest all employés, with the result just indicated. The business is growing fast, the workmen are well paid and contented, and the outlook is encouraging.

Analogous to the above in the plan of coöperation is the CHESTER MANUFACTURING COMPANY, of Chester, Penn., begun August, 1886, and already in March, 1887, doing a business of over $12,000 a month, which is rapidly growing. The paid-in capital is $33,000, in six hundred and sixty fifty-dollar shares. The weekly pay roll is four hundred dollars. The manager, Mr. James H. Hall, writes that there soon will be thirty looms employed upon table cloths, and as many more on fancy towels.

Several coöperative cigar manufactories have been organized within a few months, but it is yet too early to judge of their permanency. The **Reading Coöperative Cigar Manufacturing Company**, of Reading, Penn., with $5,000 paid-in capital, in two hundred twenty-five-dollar shares, in the hands of twenty-five shareholders, did a business in the six months following its organization, July 28, 1886, of $23,000, and reports continued growth. The plan of coöperation is much like that outlined in the few preceding companies. Every workman must be a stockholder. At Wernersville, Berks county, Pa., there is a small but well advertised coöperative cigar manufactory, under the title of W. E. Krum & Co. A few others might be mentioned, but material is not at hand for any description.

The Fulton County Coöperative Leather, Glove and Mitten Manufacturing Association, of Johnstown, Fulton county, N. Y., started August 13, 1886, had six months later a paid-in capital of $2,500 in ten-dollar shares, owned by two hundred and twenty-five shareholders. No one can hold more than twenty shares. There is no profit-sharing with employés, profits going entirely to the stockholders, each of whom has an equal vote. The business is reported to be steadily growing.

The Coöperative Hat Company, of 2231–33 Taggart street, Philadelphia, was started March 20, 1887, with $2,300 paid-in capital in one-dollar shares. Fourteen hundred already own stock. There were ten employés at the beginning and ten more were soon to be employed. The profits are to be shared among the stockholders and the employés. It is not necessary for an employé to be a stockholder.

SOLIDARITY COÖPERATION OF THE KNIGHTS OF LABOR.

A novel form of productive coöperation is that undertaken by the Knights of Labor in District 49, New York City. Several industries have been recently organized in accordance with the views expressed by Victor Drury in his polity of the labor movement. Individuals and labor organizations may purchase shares which are non-interest bearing and not redeemable for at least a year after subscription, but which it is hoped will be repaid in one or more years thereafter from the profits of the business. Pure disinterestedness is relied upon to furnish the necessary capital at the start, and curiously enough several thousand dollars have already been paid in to the committee on coöperation of District Assembly 49, which is chosen by the entire district or its official representatives, and which has the management of all the solidarity industries. By this committee foremen are appointed for three months, and subjected to strict accountability for all their conduct. No holder of a share in any coöperative enterprise is entitled to a voice or vote in its management. Money is often subscribed without any conditions as to the business in which it shall be employed. It is provided that under the direction of the committee on coöperation, twenty-five per cent. of the net profits shall go to a land fund for providing land for the works, twenty-five per cent. for insurance against loss, and fifty per cent. for extending the business of coöperative institutions. About half a dozen solidarity companies had begun business when visited. Not all were under the direct control of the central committee, but all were managed, in great measure, on the plan just outlined. In none was interest or profits to be paid the stockholder, but out of the general profits the stock was to be in time refunded. The companies visited were the Solidarity Fancy Leather Goods Factory, 53 Bleecker street; American Fancy Leather Goods Company, 417 Broom street; Concord Coöperative Printing Company, 47 Centre street; New York Journeyman Plumbers' Coöperative Plumbing and Gas-fitting Shop, 953 Sixth avenue; Solidarity Knights of Labor Cigar Factory, Coöperative, 10 Chatham Square; Solidarity Coöperative and Distributive Store, 134 Canal street, which is also the salesroom for the cigar factory last mentioned; The *Leader* Coöperative Publishing Association, 184 William street. There is also a promising factory in Brooklyn, which is said to produce excellent work, but was not visited, and the Solidarity Knights of Labor Watch Case Company, Coöperative, 243 Plymouth street. Those of the above containing the word solidarity in their corporate name, more nearly correspond in plan of coöperation to the principles just referred to. These companies are all too recently organized to have any reports of value, but a few facts gathered early in February, 1887, may be of interest.

THE SOLIDARITY CIGAR FACTORY, started August 1, 1886, has $1,500 capital. Fifty per cent. of the profits will be devoted to redeeming the stock on which no interest is paid, and afterward to a land fund, the building of factories and extension of other coöperative business; the rest of the profits will be used as an insurance fund, and to enlarge the business. Ten men were employed in March, and the business was rapidly growing. The goods with the Knight of Labor brand are sold in the coöperative store in Pythagoras Hall, the headquarters of District 49, on Canal street, near the Bowery. The two fancy leather goods companies named above were doing business, the one with $1,500 capital and the other with $600, on the full solidarity plan, and a growing business was reported.

THE PLUMBERS' COÖPERATIVE ASSOCIATION was organised October 1, 1886, as the result of the great plumbers' lockout in New York, due to the effort of the employés to enforce an apprentice law. An assessment of five dollars was levied on every plumber to raise capital for the coöperative enterprise. Over $1,000 has been paid. The distress resulting from the lockout and strike has prevented further payments. No interest is allowed, but all the profits are to go to a coöperative fund to form shops in other towns and to cancel the stock. The number of employés was seventy during the busy season, but very much less during other months. Every employé must own stock as soon as possible. It may seem strange that the solidarity plan should have any measure of success since it is so contrary to the coöperative methods approved by long experience. Probably the sentiment of class pride and the strong union feeling among many of the New York Knights of Labor assemblies accounts for the fact, and will serve to render these companies somewhat of a success as long as those local unions maintain their strength. Any decrease in the latter must affect the former. The Springfield (Mass.) experiment of the Sovereigns of Industry described in the previous pages suffered greatly from not being entirely under the control of the individuals who owned the stock. If these solidarity companies can survive these and other breakers, it will be a remarkable proof of the strength of the labor organizations of New York. At all events these experiments will be watched with interest, since they represent the attempt of certain socialist thinkers to put in practice their ideas of dispensing with interest to the capitalist and profits to the manager or *entrepreneur*.

The *Leader* Publishing Association had by February, 1887, sold nine hundred five-dollar shares and $1,500 in larger shares. Sixty labor organizations owned one or more shares, and 30,000 copies were reported to be the average circulation of the paper. Here the solidarity principle was not fully maintained, as each stockholder had one vote.

The Concord Coöperative Printing Company reported a paid-in capital of $3,500, on which no interest is paid, but, as in the previous company, stockholders vote. No one of the thirty-five stockholders can own more than ten of the twenty-dollar shares, and each must be a member of the typographical union. The profits since the starting of the enterprise two and a half years ago have been devoted to enlarging the business, which is steadily growing. Chiefly because of the absence hitherto of the spirit of coöperation and of general intelligence the success of coöperative manufacturing, usually called productive coöperation, has been far less than that of distributive, but the tide seems to be turning. It will be many years before enterprises requiring great capital, or whose success depends upon the highest order of managerial power, can be successfully operated coöperatively, but in such lines of business as boot and shoe, furniture and hat making, coopering, etc., where the efficiency of the individual workman is relatively more important than in the first class of enterprises, it has already been proved in the accounts of New England and of the Northwest that coöperation can be made a success.

A serious drawback to coöperation in almost all states save Massachusetts lies in the defective laws which fail to require from all would-be coöperators strict compliance with certain well-established and generally approved methods of coöperating. Even the Massachusetts legislation as previously described is susceptible of considerable improvement in these respects, but elsewhere the condition of legislation is lamentable. In New York, for instance, the Secretary of State informed the writer that there were forty general laws, under almost any of which a coöperative enterprise could be incorporated. Scarcely any safeguards are thrown about such companies, although, as in the case of the coöperative banks of Massachusetts, it has been conclusively established that the most careful, thorough, state oversight, which is very different from state ownership or public financial aid, is almost essential to success, or at least to wise management in coöperative undertakings.

Not only is there no wise legislation on this subject in New York, but not even is any official information obtainable from the state offices. Those in charge of the files of incorporation of the state at Albany informed me that the records were so kept that it would be utterly futile to try to derive from them, even by weeks of investigation, any knowledge of the location and names even of coöperative companies, and furthermore it would have been amusing, if not so serious a commentary on the breadth of view of New York's high officials, to note how they laughed at any idea of its being either a matter of duty or public policy for the state to concern itself about such matters. Almost equal ignorance was discovered among the state officials of Harrisburg, Penn. The able chief of the New Jersey Bureau of Statistics of Labor, Mr. James Bishop, was able to help greatly in the study of coöperation in that state. In the course of this investigation the most frequent reason given by those in the coöperative movement for its slow growth in the Middle States was the lack of proper safeguards from state law.

The formulation of suitable enactments must be left to the lawmakers, but any proper law should forbid any corporation from embodying the word coöperative in its name, and all real coöperative companies should be obliged to assume that name, unless the following conditions, in addition to many others, are complied with: No one to hold but a limited number of shares of small amounts, and to have an equal vote with every other stockholder; business, if distributive, to be on the Rochdale plan, or at least embody such features of it as strictly cash trade and dividends on sales, and, if productive, all the employés who have been at work continuously for six months to receive such reward as the by-laws might determine; but at all events labor to receive some share of the profits, or to be obliged, after a reasonable time, to own some of the stock; and full reports at regular stated intervals to the Secretary of State, who should publish these in pamphlet form to be circulated as a public document. If any desire to conduct business on any other system with some coöperative features, it might be allowed, but the name coöperative withheld. With these legislative safeguards, with the increase of general intelligence and moral qualities, the spread of economic education, and with growth in numbers and real power of our labor organizations, it is almost certain that distributive coöperation will extend rapidly, and productive coöperation much less rapidly, but in certain branches of manufacturing no less surely, until coöperation, whether of store, factory or building association, will occupy an important and useful place in the industrial organization of the not remote future.

CHAPTER III.

PROFIT-SHARING.

One of the earliest attempts at profit-sharing on a large scale in the Middle States appears to have been in the establishment of A. S. Cameron & Co., manufacturers of steam pumping machinery in New York City, who gave the employés ten per cent. of the net profits from July 1, 1869, to the death of Mr. Cameron in 1877. It seems to have been a success in every way and increased the wages of the men about four and one-half per cent. above the market rate without at all diminishing the profits of the firm. Mr. Cameron's death and the passing of the business into other hands are said to have been the only reasons for the discontinuance of the experiment.

BREWSTER & CO.

The cause of profit-sharing was probably set back over ten years by the unfortunate results of the experiment of the firm of Brewster & Co., carriage manufacturers of New York. Ten per cent. of the gross profits, before any reduction was made for interest or salaries to members of the firm, was given to the help from the latter part of 1869 until June, 1872, when the workmen, ignorant and cowed by the taunts of their union leaders struck for eight hours. It is not generally known, however, that Mr. John W. Britton, the superintendent of the works, and the one who was largely instrumental in introducing the experiment, was not at all discouraged by the result, and before his death said to a friend, Prof. E. R. A. Seligman of Columbia University, that if he had not been so sick when the trouble came that he was unable to give any proper attention to the matter he was fully satisfied that the whole trouble might and would have been peaceably adjusted. Before his death also he wrote to Mr. Herbert Putnam, librarian of the Athenaeum library of Minneapolis, an account of the experiment. Based very largely upon this letter, a paper was written by Mr. Putnam, but never published, from which by his courtesy, the following extract is made:

"The proposal (of profit-sharing) was responded to with alacrity. An Industrial Association was formed with the Boards of Control elected by the men and representing each of the seven departments of the establishment, and a Board of Governors, composed of the Chairmen of these minor Boards, together with a member of the firm of Brewster & Co., as its presiding officer. The Board of Governors was to administer all the general internal affairs of the shop, directing each department through its appropriate Board of Control. The firm representative (Mr. Britton) as President of the Association reserved little more than a protest against the enactments of the Board of Governors, as his veto might be overruled by a two-thirds vote of its members.

"The new system went into operation early in 1870, and worked smoothly and admirably for two years. The increased interest and activity of the employés, noted elsewhere wherever similar incentives have been offered, were equally marked here. Yet at times their sincerity was severely tested. Twice a sudden lull in the business necessitated a reduction in wages; the necessity was explained to the Board of Governors, who voted the reduction without a question. It had been customary with Messrs. Brewster to reward long service among their employés by a bonus upon the yearly wages graded in amount according to the various terms. This gratuity now rested with the men themselves, to grant or not as they should see fit. Of course, any expenditure of this kind, while it diminished the fund of dividable profits, benefited but a minimum of the employés. And the conventional laborer, with comprehensive greed for the present, and small heed for the future, could scarcely be expected to dock his own pay for a neighbor doing no more nor better work than himself. In behalf of the firm Mr. Britton, the President of the Association, called a general meeting of the operatives and laid the matter at their discretion. No public objection, said he, was necessary; any protest whatever received by the firm, even in the form of an anonymous communication, would be respected. They should have a week in which to think it over. At the end of this time, no objection having been made in the interim, another meeting was called, and the question of bonus put to the vote; it was carried, without a dissenting voice.

"In the spring of 1872 came the great strike among the New York building trades. Starting with the house painters, the fever soon spread to the carpenters and bricklayers, and finally to almost every manner of manual employment. For over a month labor lay dead and bred maggots. A swarm of pestiferous agitators sprang forth, whose special vocation it is to 'kindle dissension between employers and employed, whispering some, haranguing others, spitting poison, or spouting nonsense;' stinging the workmen to strike, and then offering themselves as mediators—for a consideration.

"To these turbulent spirits the Brewster establishment offered peculiar inducements. Its harmony and good feeling were a reproach to their ingenious malevolence; its prominent reputation would render its discomfiture a more boastful triumph. So they began the attack; not openly and boldly—for they had no ground on which to denounce the firm—but covertly, with the individual employés, whose prejudices and ignorance once segregated, could be more readily worked upon. The demand was to be that of the other strikers throughout the city—a reduction from ten hours a day to eight. The men were duped to believe that the question involved was a question of principle; however content they might be with the conditions of their own employment, it was their duty to uphold the general body of laborers afflicted with less congenial employers. Having secured a numerical majority of the workmen, the agitators began to direct a strong pressure upon the Board of Governors.

"And now came the most remarkable episode in the history of the association—that which makes its example a beacon light in the pathway of economics. The Board of Governors had the sole determination of the wages and the working hours; should they vote the reduction, the Messrs. Brewster were bound to accept it. They knew indeed from Mr. Britton that the consequent delay in the manufacture would prevent the performance of contracts already undertaken, and materially injure the business of the firm. But they were, after all, themselves mere workmen, chosen from among the workmen, by the workmen. They might naturally conclude that a demand made by almost every laborer throughout the city must be founded on justice; they might easily fashion a justification from the sophistries of the union agitators; they might at least conceive it their duty to enact the will of their constituents, irrespective of their own convictions.

"They held a different view of their obligations. Individually, indeed, they went to Mr. Britton and urged him to propose the reduction; but as a Board they would not themselves propose it. They had too high a regard for their trust, too keen a sense of official honor, to enact what they knew to be unfair to the firm. Then came threats against themselves—of deposition from office, even of personal violence. They brought the missives to Mr. Britton and implored him to help them out; but they would not vote the reduction. At last the men sent word to the firm that they would strike unless their demand was granted within the succeeding week. Mr. Britton was emphatic. Summoning the four hundred operatives, he reminded them that they had a constitutional method of settling such disputes—that a reduction voted by their representatives in a regular way would be final and binding. He reminded them also of the provision in their constitution that any employé withdrawing voluntarily from the establishment should forfeit his share of the profits for the current year, and that a strike would mean a dissolution of the association and a loss of all profits not only for that, but for all succeeding years. The week passed, the Board still refused to vote the reduction, and the men struck. At the end of a month they returned to work at the old ten-hour rate; the interval had cost them $37,000 in wages and $20,000 more in undivided profits, besides the dissolution of the associa- and the cancellation of the fund itself."

As referred to above, Mr. Britton stated that had he been physically able to talk with the men at any length when they called upon him, he was confident that the entire trouble would have been at once and wisely settled. But it was difficult for him to make this clear enough to his partners to secure any renewal of the experiment. Another important lesson besides this of personal influence is emphasized by this account. It is that referred to elsewhere as the need of education among the masses, that they may appreciate the advantages and conditions of success of profit-sharing.

ROGERS, PEET & CO.

January, 1st, 1886, this firm in New York, which claims to be the largest manufacturers of clothing in the world, introduced profit-sharing, but does not reveal to the men what per cent. of the net profits is given. The plan was announced in a dinner to the employés, March 22nd, 1886, in a speech by one of the firm, Mr. Frank R. Chambers, from which the following is quoted:

"The house does not wait until it has heaped up a vast fortune for itself before admitting you to an interest. The business has been placed upon a safe, money-making basis, and is capable of further healthy extension. Towards securing that growth you are invited to contribute, and in its results you are to share. Meanwhile, you are not expected to make sacrifices by accepting lower wages or working longer hours; we shall continue to pay as liberal salaries as other reputable houses, and exact no more in hours of labor. We want the highest grade of clerical and mechanical skill, and are willing to pay accordingly. The interest we offer you in our business profits is purely gratuitous, a fact you will appreciate more fully after you have received your first dividend.

"We are actuated to this step by a desire, first, to meet our conception of the employer's duty toward the employed, and second, to institute a system of coöperation that will redound to our joint interest.

"The chief obstacle to success in any large business is the difficulty of personal supervision. Few men work conscientiously for others as they work for themselves, and most of the defects of manufacture or faults of service that injure the reputation of a house with its customers would be avoided were the proprietor able to attend to every detail himself. Now, if you are all in a sense proprietors, will not the cutter endeavor to turn out as perfect work as his skill is capable of producing? Will not the examiner, both of piece goods and of garments, consider that his individual interests are liable to be affected by any defect he may overlook? Will not the salesman use his best tact, his utmost patience and politeness, to secure customers, and to keep them? While everywhere about the house a hundred eyes are watching to prevent little leaks and protect the property of the firm, because even the boy who sweeps up rags and runs errands feels that he is neglecting his own business when he fails to exert his greatest industry and care in the work set before him."

The capital employed is $600,000, according to Mr. Chambers, who is authority for this entire account, and the annual business is $1,800,000. The regular number of employés is 275, and 100 more are temporarily employed as business demands, and also receive a share in the profits. This share, for the year 1886, amounted to about 3½ per cent. in addition to the wages of about $200,000, and the result is pronounced altogether favorable.

January 19th, 1887, another dinner was given at the Metropolitan Hotel, when the profits were divided. Mr. Chambers confirms the accuracy of the following report, the next day in the New York *Star* :

"After the dinner at the Metropolitan House, Mr. Frank R. Chambers, a leading member of the firm, opened his speech with 'Partners with a big P.' He said the new plan had produced a better quality of work. They had worked well together and there had not been a single dissension. They were indeed a happy family. He desired that every young man connected with the firm should hope to be at the head of it some day. Above all, he trusted that they had accounts in the savings banks. Twenty years ago he himself had come to New York a poor boy to make his way in the world. This last year had been but a fair one, yet they were able to declare a dividend of 3½ per cent. on each one's salary. Checks for the amount were then distributed, and three hearty cheers were given for Rogers, Peet & Co.

"Hon. Algernon S. Sullivan was then introduced and said: 'Of all the public assemblies in New York this winter this is the most interesting. It is a fact that will be noticed by the preacher and the editor, by the students of political problems, by the philanthropist, by the friends, and I hope by the foes, of social order. A firm of our great manufacturers and merchants, by one act, present to their fellow-citizens more than a whole volume of theory about the relations between capital and labor. It is not the amount of money that is transferred at this meeting which attracts one's interest. True, that is substantial, and it keeps the occasion within the scope of business. But I am happy to be a witness here, because to-night, as an established and enduring fact, Rogers, Peet & Co. have started a business on principles which introduce the sentiment and sympathies of man with his fellow as one of the factors in business management.'"

Said Mr. Chambers, in conversation with the writer :

"Not only do I consider it a matter of justice, but a practical business measure. I do not see why the men should not share in the profits. We believe that all our men in all the departments of the business are working with more zeal and intelligence than they have ever shown before, and we tried to impress them with that fact of their direct personal interest in the results of the business. Does it pay financially? I hold that it does pay. In the purely mercantile department we can have no exact record of results, but in the manufacturing department we have a record which shows what every man does, and we judge from that."

Referring to other benefits and in reply to questions, Mr. Chambers continued—

"Last spring (1886), there was a movement among the cutters of New York to reduce the hours of labor. The clothiers of New York formed a combination and agreed with the cutters to reduce their working day from ten hours to 9½, and lengthen the Saturday half-holiday. The firm did not join the association, though the cutters joined the union, but we gave the same 9½ hours' working day. The cutters, who had hitherto been restless and unsettled under the agitation by their union, were told that the success of the experiment of shorter hours and their profits as well would depend on them. Our records show that our men are doing the very same work in 9½ hours as they did in ten. This at least equal production under 9½ hours as under ten we trace to profit-sharing. Our men were no more favorably disposed to us before the experiment than the employés of other firms. Our condition was no more favorable than that of other companies."

HAINES, JONES & CADBURY.

This firm of plumbers and steam-fitters' supplies, of 1136 Ridge avenue, Philadelphia, with a capital of nearly $300,000, and a pay roll of about $125,000, among the 250 employés, and which has been in business since 1860, introduced profit-sharing in the following circular to the men, February 26th, 1887:

"Beginning with the first of the present year, we propose to divide the profits made in our business upon the following basis:

"After allowing interest on actual capital invested, the remainder will be divided between the firm and all persons in our employ, in the proportion that the capital bears to the total amount of wages paid.

"Each one will receive this bonus in a percentage on the whole amount of wages paid him for the year.

"Any person who has not worked at least six months within the year, who has been discharged for good cause, or who has voluntarily left our employ, will not be entitled to any dividend.

"This plan of coöperation is adopted as an experiment only, but it is hoped by the firm that the increased care and diligence, which it will thus be the direct interest of each employé to exercise, will result in a saving of time, material and machinery, which will add perceptibly to the fund out of which the dividends must be made."

A member of the firm wrote March 28th, 1887:

"It is entirely new with us, and of its effects it is yet too soon to judge. So far as we know, it is received with interest by all in our employ, and we think we see a greater interest in the welfare of the business than before."

JOHN MUNDELL & CO., shoe manufacturers, of 123-7 N. Thirteenth St., Philadelphia, wrote me under date of May 10th, 1887: "We have not got our plan of coöperation perfected, but we employ over 500 hands, and will give them one-third net profits, after interest on capital is taken from gross gains. We leave the 'points' of the plan to be arranged by the hands themselves, they having formed an association for that purpose." The details had not been perfected

JOHN WANAMAKER.

This well-known merchant, employing over 3,000 hands in his clothing business in Philadelphia, called them together, April 8th, 1887, to listen to the following letter:[1]

"GOOD FRIDAY, 1887.—To-day, April 8th, twenty-six years ago, I began business at the corner of Sixth and Market streets.

"I want to keep the anniversary by giving this token of good will to the people associated with me in the various departments of service in the house.

"*First*—All who have been in the employ of this house for seven years, and such others whose term of service shall hereafter reach seven years, shall participate in a portion of the profits of the year's business, which I shall set aside out of my share in the firm, at the time of its next annual settlement. I shall divide this portion among those employés on the seven year's honor roll, according to the value of their services to the firm, to be determined by their usefulness and faithfulness.

---

[1] The original has not been seen, and the entire verbal accuracy of this letter is not vouched for.

"In making this distribution, I shall personally analyze the records of sales made, or work done for salary paid, and, considering opportunity, effort, behavior and growth, shall endeavor to do exactly right by each one according to my best judgment.

"Second—All the salespersons throughout the house will have added to their present salaries, on and after Monday next, a sum each week graded by their sales. To salespersons in departments where the transactions are most numerous, because in small amounts, the addition to the salaries will be in double ratio to those in the other departments.

"Third—In the clerical, packing, invoice and various offices, a civil service system will be strictly followed in promotions and advancements. The record of each one will be carefully kept, and govern all changes. A 'special honor list' will be kept for the more rapid preferment of those showing marked business ability, rapid improvement, diligence, economy and usefulness."

The circular goes on to state that these extra payments apply only to the retail departments, and to such as have been in the service six months and over. It concludes with the sentence:

"We have great desires to improve the condition, comfort, happiness and pay of our people, if they will do the part that is in their power. A large business warrants large pay, if the drones are kept out of it.

"Cheerful, joyous, intelligent workers may do wonders for themselves and everybody, and receive large pay.

"(Signed),

"John Wanamaker."

What followed is thus described in the *Philadelphia Press* of April 9, 1887:

What Mr. Wanamaker Said:

"Mr. Wanamaker mounted the temporary platform when quiet had been restored, and as he did so a cheer went up. Mr. Wanamaker smiled when the crowd cheered him, and as the applause died away and he began to speak his face grew very serious.

"He said it was an event to him of which he had long thought and studied, and added much to the pleasure of his business birthday to take his employés into the sharing of the prosperity of the business. He had always sought to improve the condition of his people, considering them as personal friends so far as possible. While the salaries now being paid were ample and averaged as high if not higher than in any large store in any city of the world, and could easily be so proven, yet it was a great satisfaction to him to introduce a new scale of earnings by which they would receive much larger pay than had ever been current anywhere before.

"The veterans in the service would be put upon a new level, giving them an extra share of the profits. Earnest words of counsel were rapidly and warmly spoken to all. When Mr. Wanamaker closed he called to the stand from which he spoke the first man he employed twenty-six years ago, and continuous in his service to the present time, and also another gentleman now in his employ in the wholesale department who was the first customer twenty-six years ago. He hoped they and all present would spend their lives together. At the last word three rousing cheers were given, and the happy people crowded around their happier employer and shook his hand until he must have been thoroughly exhausted.

"Mr. Wanamaker, when questioned on the amount to be distributed among his employés by his new system, said it could not be less than $100,000 this year, in addition to their salaries.

"Five years ago Mr. Wanamaker organized an insurance association among his employés, and governed by them, that has distributed in sickness and death benefits up to this time over $40,000."

Mr. Wanamaker very naturally prefers not to make any further public announcement, until sufficient time has elapsed to judge of the results.

NELSON LYON.

This furniture manufacturer of Albany, N. Y., in reply to my letter of inquiry relative to his alleged proposition of profit-sharing and its refusal by the men, sent as official the following report in the Albany *Argus* of April 29, 1887, of an interview with him:

"One year ago the Albany Protective Association was formed, and my men joined it. We do considerable interior work. Last year I did nearly $[illegible],000 of that work. Interior work means this: When a man is building a house and has it all completed but the interior wood work, then I can go on and finish it; put in the mantels, shelves, cabinets, dining room closets, wainscoting, etc. Then when the issue was raised and a uniform scale of wages demanded by the Protective Association, they rated my cabinet-makers as carpenters, because they did this interior work. The fact is, they worked at interior work but a comparatively short time. And the scale of wages demanded was twenty-five, twenty-eight and thirty cents an hour. To this demand I acceded. I have a large retail trade, and I did not care to antagonize the labor element.

"I have run my factory for ten years, and never in that time has it been idle two weeks at a time. In January we always shut down for an inventory of stock, and in July I sometimes shut down to give my men a week's vacation. I did not think I ought to be compelled to pay such high wages, for I can hire cabinetmakers at $7.50 $9, $10.50 and $12, and get all I want for those wages. Instead I had to pay $2.50 and $2.80 per day of ten hours. Now, I offered my men a proposition for their consideration. I agreed to run my factory ten hours a day, to divide, either annually or semi-annually, one-half of the entire profits of the factory with the men and deduct ten per cent. from their wages. My men took the proposition, considered it and then heartily agreed to it. They laid it before the Knights of Labor for ratification, and that body decided they could not accept, on the ground that they could not allow ten hours work; they demanded nine.

"I am very largely interested in a new locomotive appliance, which promises to pay me much better than my furniture trade, though that is doing very well, and my object in making the offer to the men was that I could get them interested in the work enough to be able to trust them while away and working on my invention. The Boston and Albany Railroad has given unlimited orders for the new device. My proposition was a generous and fair one, and really would have advanced their yearly earnings. My machine men were advanced ten per cent. only a year ago, and this year the cabinetmakers' time was reduced from ten hours to nine. I claim it is not a hardship to work ten hours a day, certainly no harder to work at their light work than for a carpenter to work nine hours. But they could not accept the offer, and so now I shall throw out all my cabinetmakers, about thirty in number. But I shall continue my upholstery and parlor work, and my finer cabinet work, and my retail trade will not in any way be affected. Only our machine work will stop.

"I am sorry it has happened, but the Knights of Labor could not accept the proposition, so I must close my machine factory, for I can make more money on my locomotive appliance."

Although the action of the men may have been a mistake, it is well to bear in mind that the proposition of Mr. Lyon differed from that of other profit-sharing experiments in that, under cover of it, wages were to be reduced ten per cent. and the hours of labor increased. It may very well be that the profits in this individual firm might have more than offset these drawbacks, but it was natural enough for the labor organizations to fear the influence of lower wages and more hours in this firm on their contests elsewhere.

WOOD, MORRELL & CO.

This firm, of Johnstown, Pa., issued a circular in April, 1887, to the employés of the Cambria Iron Company, the Johnstown Manufacturing Company, and Wood, Morrell & Co. (Limited), suggesting that they raise $300,000 in $10 shares, no one to hold more than $1,000, or have more than one vote, and therewith purchase the entire stock of Wood, Morrell & Co., consisting of stores, shops, manufactories and mercantile establishments, at a price inventoried by a representative of the firm, another of the men and a third chosen by the other two. It is also provided that this new association, to be called the Johnstown Coöperative Store, Limited, shall rent the brick store building, shed, warerooms, slaughtery and stables of Wood, Morrell & Co. and the Cambria Iron Company for $7,500 a year. The following provision is made for dividing the profits :

"Ten per centum of the profits shall be set apart as a reserve guaranty fund, until the same shall amount to twenty-five per cent. of the total capital of the association, and thereafter the said guaranty fund shall be maintained at said percentage of capital and any increase thereof. Of the remaining profits, dividends shall be made to members of not less than six nor more than ten per centum per annum, the amount to be so determined as to leave a sufficient sum to divide and distribute three per cent. upon all purchases of goods to persons purchasing not less than ten dollars' worth during the period for which the account was taken. Dividends to the amount of six per centum to members shall be preferred to said dividends to customers, and after a dividend of ten per centum to members, all surplus shall be made a dividend to customers. No individual shall receive dividends on any shares exceeding one hundred held by him. All unclaimed dividends to customers shall be added to the next account and distributed thereon, and such distribution shall forever bar any prior claim to the same."

If $200,000 are not raised in sixty days the association is to begin with the capital in hand and a loan of sufficient working capital if obtainable, secured by pledge of capital in the association or otherwise. May 9, the general manager of Wood, Morrell & Co., James McMillen, wrote: "The stock has not been all subscribed for, and the plan is not in operation yet."

Many attempts are being made to attach the employés to their work. The *New York Staats Zeitung* has paid since 1880 a bonus of ten per cent. increase of wages as a voluntary gift to all who have devoted their time and energy for the year preceding to the paper. In 1885–6 $12,068 was thus divided. In the year ending March 1, 1887, about $13,000 was given to 139 employés, including 28 in the editorial room, 15 in the office, 25 in the press-room, 65 compositors and six in the stereotyping department.

The *Century* Company has given its regular writers for several years a direct share in the profits, but prefers not to reveal any particulars.

ALFRED DOLGE,

dealer in felt and lumber of Dolgeville, N. Y., started an aid society by donating $400 as capital a few years ago which the workmen keep up by paying fifty cents monthly and receiving five dollars per week relief if sick. In 1882 pensions were promised in case of partial or total inability to work caused by accident, sickness or old age, as long as such inability should last. The pensions are as follows:

50 per cent of the previous year's wages after 10 years service,
60 " " " " " 13 "
70 " " " " " 16 "
80 " " " " " 19 "
90 " " " " " 22 "
100 " " " " " 25 "

Mr. Dolge made the following announcement January 23, 1887:

"After considering a variety of plans I have finally come to the conclusion to set aside a certain portion of the business profit each and every year for the purpose of paying premiums on Life Insurance Policies. The rule which I have established is simply this, viz.: that each employé who has for five (5) consecutive years been in the employ of the firm, is entitled to a Life Insurance policy of $1,000, and at the expiration of the tenth year of steady employment to another $1,000 policy. Premiums and all expenses will be paid by the firm as long as the insured is in the employ of the firm. For those who have been rejected an amount equal to the premium has and will be regularly deposited in the German Savings Bank of New York.

"I have the pleasure to state that this year policies have been issued under the above arrangement amounting in all to over $100,000, and $169.20 have been deposited in the Savings Bank. I need not tell you that I have not done this to pose as the "father of my workingmen," but consider it simply the performance of a duty. I wish you all to understand, that neither with the starting fund of the Aid Society, nor with the pension Fund, nor this Life Insurance plan, do I mean to offer you a gift or a present. I consider you are entitled to it as a part of your earnings, as your share of the profits which the business yields, and which I only invest for you. If I make presents to you they come in the shape of this club house, or in the shape of this addition of volumes to your library, which I hope you will accept and make good use of."

Mr. Dolge wrote, February 14, 1887—

"There is no doubt in my mind that the manufacturers will eventually make all their employés partners of the business, so to say, as there is undoubtedly something wrong at present in the relation of capital to labor. In many instances capitalists enrich themselves immeasurably at the expense of labor. It would certainly be welcomed by the majority of the American people, if a plan could be devised, just for both sides, whereby labor will get its rightful proportion of the earnings of a business, mill, etc. I fear, however, scholars will find it a very difficult problem to solve.

"I have for the past fifteen or twenty years watched such experiments with great interest, but have not found anything really practicable. The greatest difficulty seems to me the ignorance and indolence of the majority of the working people. More and better schools, stringent school laws seem to me the first necessity."

This need of the most rigid and thorough compulsory education, industrial, civic and economic, and to a moderate extent intellectual, which latter is alone attempted now in most of our schools, is indeed pressing, but hand in hand with that there seems destined to develop such a gradual reorganization of industry on various systems of profit-sharing as will inure alike to the benefit of employer and employé, and while increasing the product of the business will bring peace where there is now war.

CHAPTER IV.

CÖOPERATIVE BUILDING ASSOCIATIONS.

It is singular that the wonderful results of the building associations of Philadelphia, some of which date from the decade 1850–1860, are not better known and imitated all over the land. Of them Robert Treat Paine, Jr., well spoke at the convention, Sept. 9, 1881, of the American Social Science Association:

"A grave objection to savings banks is that they admit depositors to no share in the conduct of affairs and teach them nothing. For knowledge how to invest money, and accumulate property, is of the utmost value.

"These [building] associations are the best adult schools for men and women to learn business that I have seen or heard of in the world. It is a school for life. Saving your money, investing it safely, seeing it accumulate, watching over it, discussing how best to manage, consulting and comparing notes about houses, size and shape and cost, and comfort, health and repairs, and values; how to save your first hundred dollars, and how best to make it worth $150 and $200; how to teach and bring up your children to work and save and be steady; how to keep out of and hate liquor shops and all the other costly and deadly allurements of the devil; how to form habits of sturdy American virtue and thrift; and building up a wise plan of life for yourself, your wife and children, develop and perfect it into the grand result of home and independence, and competence and character.

"Is it not true that the prosperity of the masses of the people is not only measured by their accumulation of property, but, in fact, caused by it? Certainly accumulation is governed by three factors; 1. The spirit of saving. 2. The power of earning. 3. The means of saving safely.

"And all three of these causes of the peoples' prosperity grow out of these associations more largely than from any other system or influence. Common savings banks offer, indeed, to keep what any one desires to save. But multitudes have no such desire. The contagious spirit and eagerness to save is inspired and fostered by constant contact with those who have already formed the habit and prospered in its exercise.

"The experience of Philadelphia and of the world may be appealed to to show that a workman's skill and earning power grow almost in proportion to his resolve to increase his wages. A poor workman, seized with the desire to save and own a home, puts his soul into his work and quickly learns how to do better and faster work, and so rises to the top of his trade and often finds chances opening out wider and higher till he is surprised at his own success. The spirit of saving has developed the earning power.

"Safety of investment is the third essential. Without it saving is in vain, and habits of saving hopeless. At the present time the difficulties of investment are growing grave for all, especially for the rich. Rates of interest are falling, and the competition of capital, in its rapid increase, threatens to aggravate the difficulties and reduce the gains. The art of keeping money, and of investing it safely, requires more knowledge than the great majority of people possess, with the single exception of simple real estate. Small lots of land in or near cities, and small houses on them, come so close to the daily experience of all, that they offer the safest investment for the earnings of the masses. Costly houses and large stores may rise and fall in value; but nothing is so stable as a small, snug, well-built house on good land, reasonably near to the business of a city, and worth from one to three thousand dollars. They are always in demand and always worth about their cost, or a little more; and, except after such great fluctuations as followed our late war, growing out of a change in the value of money, the cost of these houses cannot fluctuate much."

The general plan of such associations has been sufficiently described in other portions of this work, but certain peculiar features in the Middle States demand notice. In all this section, where save in New York the coöperative banks are rapidly spreading, the old plan is very largely adhered to of deducting from the face of the loan to the shareholder and borrower the amount of the premium instead of treating it as a monthly payment. For example, if a man in order to borrow $1,000 offers ten per cent. premium he will receive $900, but must take five $200 shares as security on which five dollars a month is paid. Interest in some cases is charged on the $1,000, in other cases and with more propriety on the $900. In Massachusetts the borrower would receive the full $1,000 and pay his premium in the form of a certain number of cents a share per month until the shares mature in nine to twelve years. This latter plan is simpler and easier and more just, many claim, to the borrower, and is being adopted with increasing frequency in the Middle States. The other plan, however, is also safe and under it most of the coöperative banks of Pennsylvania and New Jersey have achieved their great results.

A valuable journal is printed monthly in Philadelphia by Michael J. Brown called the *Building Association and Home Journal* and devoted entirely to reports and able discussions of this little understood subject. From the first number at hand the two following typical instances of the working of the banks in Philadelphia are taken:

"Mr. A. lived in a small four-room house on Sepviva street, for which he paid a rent of $10 per month. He became a member of the association, and after paying in for several months decided to purchase. $1,000 was the price asked for the property. As Mr. A had only $100 in cash, it was necessary for him to give some additional security. A gentleman who knew him well guaranteed his payments to the association for the space of two years. That is, in case our stockholder neglected or refused to pay his monthly dues during that time his security would be obliged to pay it for him. Upon this satisfactory arrangement, Mr. A received on a loan of five shares of stock the $900 required to purchase the house. His monthly expenses now are as follows:

Subscription to five shares of stock	$5 00
Interest on the $900, borrowed from the association, at 6 per cent	4 50
Taxes on an assessment of $800 at $1.85 on $100	1 23
Water-rent of five dollars per annum	42
Total monthly payments	$11 15

"Only $1.15 more than rent, upon a loan of $900, which is within $100 of the actual value of the house.

"Mr. D, living on Howard street, bought a nice three-story eight room brick house for $2,600. The association loaned him on twelve shares of stock $2,160, he paying in cash the remaining $440. His monthly expenses are as follows:

Subscription to twelve shares of stock	$12 00
Interest on the $2,160 borrowed at 6 per cent	10 80
Taxes	3 08
Water-rent	67
	$26 55

"Previous to buying the property, Mr. C had paid a rent of $22 per month, consequently, his actual expense to own this really pleasant home is but $4.55 per month more than rent."

The failure of the state to legislate carefully and fully upon these associations has led to great diversity among them, and in some cases to great disregard of the interests of the borrowers. Very many of the banks, for instance, make no provision for a borrower returning his loan and bidding off a loan again at a lower premium, whenever he finds it for his interest to do so. At present, money is plenty and premiums low, but it is quite possible to so arrange the fines and dividends as to bear rather unequally on different classes of depositors or of borrowers. The conditions of success are well summarized by a recent writer, (David B. King, in *Building Association and Home Journal*, December, 1886), as follows:

> "It is obvious that building and loan associations are not suitable to a migratory laboring population, or to men whose opportunities for employment and whose wages are uncertain and unsteady. They are useful when the chances are that men will have permanent employment at regular wages, and when strikes and lock-outs are not likely to occur. Carefully regulated by law, and wisely managed, they offer great inducements to mechanics and the better class of workingmen to save money regularly, and enable them to own their houses, thus greatly benefiting the men themselves, and the nation at large. Badly or fraudulently managed, they become a source of loss and suffering, of bitterness, distrust, discouragement and demoralization."

But all criticism seems almost ungenerous in view of what these associations have done and are now doing. The estimate is well known and confirmed by the best judges that from 80,000 to 100,000 homes are now owned in Philadelphia through the medium of building associations. The attempt has been made to determine approximately the number of depositors and borrowers in the 400 Philadelphia associations, and the 800 others in Pennsylvania. Mr. Michael J. Brown has full returns for 1886 from 120 associations in the city as follows: The capital, which is almost all loaned, was $8,749,339,17. As the average loans are about $1,700, this would give 5,147 borrowers in less than one-third, and that, it is thought, not necessarily the largest third of the associations. The borrowers from all the associations must therefore exceed 15,000 at the present time, representing 75,000 people who are thus struggling successfully to own their own homes. The expenses of the 120 associations averaged only $378.20 each. The number of shares in the 120 is 151,680, which, at the average of 5.1 shares to a depositor, found to be true in the 156 banks of New Jersey last year, would indicate 29,741 shareholders, or, in all the Philadelphia banks, fully 90,000, representing over 400,000 souls, or nearly half of the entire population of the city, a remarkable exhibit which tells its own story. In the rest of the state there are, in the 800 building associations, fully as many borrowers and depositors, and very likely twice as many as in Philadelphia, but no statistics have been compiled. It is safe to say that in the more than 1,200 coöperative banks of the state there are over $50,000,000 assets, owned by nearly a quarter of a million depositors, and borrowed by over 40,000 families, representing 200,000 persons who are thus able to build and pay for homes which they would without these invaluable banks have been forced to rent. Surely, the far-reaching benefits of these coöperative associations are almost incalculable and the best antidote possible to popular theories of rent confiscation.

The records of New Jersey, as compiled by the Bureau of Labor Statistics, are equally interesting. October 31st 1886, there were 156 associations in the state, since grown, May, 1887, to over 175. In October there were 37,730 depositors, representing over 150,000 people, of whom two-thirds were wage-earners and one-third borrowers. The number of shares in one hundred and fifty-one was 203,907, and the assets $9,300,705, or an average of $247.36 to every member. Eight thousand five hundred and sixty-two families, by borrowing of these banks, were fast paying for their homes.

Very few coöperative banks have been found in New York, and the general statute incorporating them is very loosely drawn. Is there not some connection between the two facts?

ADDENDUM.

On revisiting the solidarity enterprises in New York in November, 1887, I found that they were still fairly prosperous. Over $6,000 had been raised as capital and put into small manufacturing companies under the auspices of District 49, K. of L., which professes to guarantee the refunding of the money on sufficient notice being given. No interest is paid, but all profits are to be devoted to increasing the business and assisting other enterprises.

A new company with the name solidarity, but independent of the control of the coöperative board of District 49, was started August 2, 1887, at 132 Canal street, New York, called the Solidarity Coöperative Clothing Company. Over $5,000 capital has been raised, in twenty-five-dollar shares, on which no interest will be paid, but there will be dividends to the stockholders on their shares. About thirty are employed, all of whom are necessarily stockholders. Four shares are all that any one can hold, and each stockholder has one vote.

The Solidarity Cigar Factory, coöperative, the next door, under Pythagoras Hall, the headquarters of District 49, has $3,500 capital, and is apparently the largest enterprise managed on strictly solidarity principles in New York City.

Solidarity Watch-Case Company (Coöperative) of Brooklyn.

The largest coöperative manufacturing company that the writer has found in all the East is the above, with its $67,000 capital, besides a growing reserve fund, and one hundred and ten employés. The experiment deserves some description, which I am able to give from a visit, in November, to the factory at 11, 13, 15 and 17 Hope street, Brooklyn, and from the great kindness of one of the officers in furnishing me all the facts desired.

The company was incorporated July 1, 1885. The shares were twenty-five dollars, and are sold to men and women actually employed in this or other factories in the making of watch-cases, and who are members in good standing of some assembly of the watch-case makers. So as to allow every employé of this company to become a shareholder, due bills are sold for one dollar each, not transferable, which may be redeemed for shares when the holder has twenty-five, or they can be redeemed at any time for cash, regardless of the amount. This is done so as to induce the members to save money by investing one dollar at a time. Mr. D. E. D. McMurray, superintendent and treasurer, writes:

> "We have found that this plan has worked very well, and has been the means of the company's obtaining a large amount of money, as many of those working in the factory or in the other shops have taken every week from one to ten dollars, and often we have received as high as $300 at a time."

Each shareholder has only one vote, and no one can hold more than eighty shares, or $2,000. No interest is paid, but all profits go as dividends on stock. It is possible that some share of the profits may be given the employés as such, according to their wages, but it has not yet been so decided. The management consists of four officers—president, vice-president, secretary and treasurer—and nine shareholders elected as a board of directors. The officers are elected annually, the directors every three years, three being elected each year. In addition to the above a superintendent is yearly elected by the shareholders to manage the business, but the nomination therefor must be made by the board of directors, who must put at least two persons in nomination.

The greatest trouble has been ignorance. Many men could not understand how one could earn four dollars a day while another at his side was worth only two dollars. Foreign-born skilled workmen, largely French, were first employed, and were more sensible in these matters. Now, however, American workmen have been taught to understand the subject better, and are the majority of the employés. An important means of education is the quarterly meeting, where practical questions in coöperation are discussed by the officers and men.

All employés are Knights of Labor, but sales are to the regular jobbers, and the work is in good demand, being the best hand-made cases of gold. Some machinery is used, but for the finest cases it is claimed that most of the work must be done by hand. The wages of the men average about twenty dollars a week, higher, it is claimed, than in any rival private factories, and the men are skilled workmen.

The company, which started as the result of a strike for fewer hours of labor, commenced to manufacture with only eight men October 10, 1885, at 223 and 224 Plymouth street, Brooklyn, on the top floor. The paid-in capital was $7,000. The company increased its help and succeeded in disposing of its production, but lost considerable money the first year. This is attributed by the managers to the class of work that was done, the want of facilities to turn out the work to advantage, and the lack of necessary funds to keep on hand a sufficient amount of gold, so that the men could work steadily. During this time the men made great sacrifices. Many left half their wages in the company every week, and some did not draw out one cent of wages for three or four months.

At the end of the first year there was in the employ of the company forty-five men, a woman and a boy. The average production was thirty cases a week. The shareholders elected a new superintendent. The officers and board of directors introduced a new system of work, and thus made a complete change. The success was so flattering that a part of the floor below was taken, and more men were employed. The workmen were given the Saturday half holiday—that is, they stopped work every Saturday at 12 o'clock noon, and were paid full time. By careful calculation it was found that instead of the company losing money they gained, as the men worked so much more, and every one was at work when the steam was ready at seven every morning. In winter, the factory is run nine hours daily.

January 1, 1887, the books showed that the loss of the first year had been made good, and there was some profit for division among the stockholders. The business continued to increase and everything was going on well. There were more orders than could be filled. The men, the board and the officers worked and sacrificed to make the business a success. But on the 20th of June the factory, with all the designs, was destroyed by fire. The loss on machinery and property was covered by insurance, but the loss from stoppage of the business and the enforced idleness of the workmen was considerable. The company, instead of being disheartened, went to work with new life; the shareholders gave more money; the present commodious factory was rented and in one month so fitted up that the men could resume work. The force of employés was increased until it now numbers one hundred and two men, three women and five apprentices. The average production is now, November, 1887, two hundred and fifty cases a week or $32,000 worth monthly. Three long rooms are occupied, and success seems assured. Only one man has ever been discharged, and that was for drunkenness. Preference in hiring new men is given to stockholders if capable workmen, and after them to those holding due bills. The great need of the coöperative movement was said by Superintendent McMurray to be education which would teach the men the conditions of business success. No coöperative manufacture can hope to thrive without a large capital. Failure to secure it before beginning work has been the cause of many a failure.

Since my visit one of the officers has written me:

> "So far we are perfectly satisfied with our attempt at coöperation, and from your own observation made when you were at the factory you must have been convinced that where there is harmony and a perfect understanding among the workmen, and business is conducted on business principles, coöperation must be a success. I can safely state from my experience that we produce more work with better workmanship and less trouble than any other manufacturer in the business."

IV-V-VI

COÖPERATION

IN THE

NORTHWEST.

13

JOHNS HOPKINS UNIVERSITY STUDIES
IN
HISTORICAL AND POLITICAL SCIENCE

HERBERT B. ADAMS, Editor

History is past Politics and Politics present History — *Freeman*

SIXTH SERIES

IV-V-VI

COÖPERATION IN THE NORTHWEST

By ALBERT SHAW, PH. D.

BALTIMORE
PUBLICATION AGENCY OF THE JOHNS HOPKINS UNIVERSITY
1888

Copyright, 1888, by N. Murray

BALTIMORE:
From the Press of Guggenheimer, Weil & Co.
1888.

TABLE OF CONTENTS.

PAGE
COÖPERATION IN A WESTERN CITY....................193-305

I. The Coöperative Coopers of Minneapolis:

1. Introduction.................................... 193
2. Beginning of the movement.......................... 203
3. The first coöperative shop.......................... 207
4. The other shops.................................. 219
5. The system and its results.......................... 230
II. A Coöperative Agricultural Colony................ 243
III. Coöperative Profit-Sharing in the Pillsbury Mills. 255
IV. The Minneapolis Coöperative Mercantile Company. 263
V. A Coöperative Laundry.............................. 268
VI. The Dundas Coopers................................ 271
VII. Coöperation Among the Painters.................. 274
VIII. Coöperative Building Associations.............. 278
IX. The Building Societies of St. Paul................ 292
X. Unsuccessful Attempts at Coöperation............ 298
XI. The New Impulse.................................. 302
COÖPERATION IN MINNESOTA..........................307-312
COÖPERATION IN WISCONSIN..........................313-329
1. The Wisconsin Phalanx.............................. 313
2. Grange Coöperation................................ 316
3. Farmers' Coöperative Insurance.................... 318
4. The Coöperative Plumbers of Milwaukee.......... 319
5. The Milwaukee Coöperative Coopers............... 324
6. Other instances in Wisconsin....................... 325
7. Building and Loan Association...................... 326
8. Profit-Sharing in Wisconsin........................ 327
9. The New Coöperative Law.......................... 329
COÖPERATION IN IOWA..................................331-350
1. Farmers' Protective Association.................... 344
2. Building and Loan Association...................... 349
3. Other Coöperative Ventures........................ 350
4. The Amana Colony.................................. 350

COÖPERATION IN A WESTERN CITY.

CHAPTER I.

THE COÖPERATIVE COOPERS OF MINNEAPOLIS.

INTRODUCTORY.

The people of Minneapolis may be pardoned for exhibiting, at home and abroad, an extraordinary civic pride. Urban development at once so rapid and upon so liberal and metropolitan a scale has scarcely been seen elsewhere in the country; and citizens who are witnessing the unfolding as if by magic of a ragged western village into a splendid and palatial city, are stirred to enthusiasm, however dull their native temperament. In 1850 Minneapolis did not exist. In 1860 it was a village of 5,809 inhabitants. The number had increased in 1870 to 13,066, and in 1880 to 46,867. The state census of June, 1885, discovered a population of nearly 130,000, and the accessions of fifteen months have further swelled the number to about 155,000. It is not difficult to account for this remarkable and incessant growth. The railroad systems of the Northwest converge at Minneapolis and St. Paul and make these contiguous cities a principal distributing centre for a group of progressing states and territories. The new demand of the world for the hard northern varieties of wheat has stimulated the cultivation of large areas of virgin soil, making Minnesota and Dakota the principal distinctive wheat-growing region of the country, and giving Minneapolis eminence as the largest wheat-receiving market in America, not excepting

Chicago or New York. The pine forests of the upper Mississippi and its tributaries have given Minneapolis the opportunity to build up a great industry in the manufacture of lumber. The magnificent water power afforded by the Falls of St. Anthony has invited the development about it of a city of large and diversified manufacturing industries, and it was natural that flour-milling should be preëminent among these industries. In point of fact, the flour mills occupy the central place in the industry and commerce of this prosperous young city. Twenty-six mills are clustered at the Falls, and they manufacture more flour by far than is made in any other city in the world. They have an aggregate daily capacity of about 35,000 barrels, and their product furnishes freight for from ten to twenty long railroad trains every twenty-four hours during the active milling season. These mills, with their revolutionised modern processes, are among the industrial wonders of the world, and are visited every season by thousands of strangers, who are duly impressed with the spectacle of a single mammoth mill which can produce seven thousand barrels of flour in a day, and of a group of mills which actually manufacture from five to six millions of barrels annually.

But it does not often occur to the interested visitor to inquire whence come the clean oak and elm barrels, of which many thousands are requisite every day. Barrels imply cooper shops; and the annual use of several millions of barrels by the mills would seem to indicate the existence of a subordinate industry of considerable proportions. But coopering is a humble craft in Minneapolis as elsewhere. The low-built wooden shops, obscurely located, attract no attention from the general public. Fluctuations in the price of flour, the shutting down or opening up of the mills, —these are matters of general interest and note; but the ups and downs of the cooper trade chiefly interest the coopers themselves. And yet these handicraftsmen constitute a large body of citizens. Although the use of paper, cloth and jute sacks has increased of late years, about half of the

Minneapolis flour is still shipped in barrels. Seven or eight hundred coopers are occupied in supplying the local demand. A majority of them are grouped in seven coöperative shops, all of which are admirably conducted and as successful from the business point of view as is possible under the conditions of the trade. The coöperative system of production has stood the test of years and is no longer an experiment. There was no romance in its inception and there has been nothing brilliant or sensational in its history. The movement was not inaugurated with the laying on of apostolic hands. It had no literary or philanthropic or *doctrinaire* beginnings. It received no coddling or advertising. Its advent was attended with no speech-making or enthusiasm. So far as the obscure movement was known or noticed at all, it met with disfavor and distrust. It did not however, assume any martyr airs or affect to contend unselfishly for a cause or an idea. Coöperation in Minneapolis took its start and won its way because of inherent advantages which made it an immediately desirable system for coopers to adopt, and which soon became obvious. It ought not to be necessary to assert that the sober and moderate prosperity of this movement, on its sheer, honest merits, and its freedom from exceptional and phenomenal conditions, are the very elements which give it valuable bearing upon the general question of labor organization. And yet to these elements, doubtless, are due its oversight hitherto, alike by the public and by economic writers.

The community at large is only beginning to grasp the labor question, and scarcely suspects the deep significance of much that is near and familiar. Probably scores of Minneapolis people have been interested in reading of M. Godin's "Social Palace" at Guise, for one who has ever thought of the Minneapolis coopers as engaged in a still more important industrial experiment; and perhaps more of them have visited the unique village of Pullman, near Chicago, than have entered the dingy coöperative shops of their own city. Doubtless there has been occasionally a believer in coöperation who has made a pilgrimage to these shops and has found himself encouraged and repaid; but excepting General Master Workman Powderly, of the Knights of Labor, I have not heard of any recent pilgrim. The indigenous character of this coöperative movement; its remarkable exemption from the aid, patronage or praise of social reformers, political economists, hobby-riders or persons of the literary habit; its entire freedom from the self-consciousness and premature thirst for fame that characterize almost every social experiment however insignificant; and finally the common-place nature of its external features, —perhaps sufficiently account for the fact that writers on coöperation have overlooked the most important illustration which this country has yet furnished. The new interest in labor questions, and the earnest inquiries that are current as to better modes of labor organization, give timeliness to a detailed account of coöperation among the coopers of Minneapolis.

There is no single universal remedy for social inequalities and infelicities. Improvement must be along many lines. Every honest experiment serves a useful end, either as example or warning, and its history is worth writing down. Coöperation, pure and simple, though not to be prescribed as a panacea for all the present ills of labor, has within certain limits not only immediate applicability, but also great remedial virtue. It is of practical importance to understand in a general way what its limitations are. They can best be determined by experience. *A priori* reasoning cannot avail much for the solution of practical problems in economics. It follows that there ought to be a painstaking and unbiased record made of the facts about coöperative enterprises. Unsuccessful as well as successful ventures should be carefully noted down. It is as a contribution to the growing mass of illustrative material out of which the useful principles and hopeful plans of the future are to be evolved, that I propose to present an account of the successful working of coöperation among the coopers of Minneapolis.

BEGINNINGS OF THE MOVEMENT.

The small beginnings of the coöperative movement are to be traced back nearly two decades, to a time when the annual output of the Minneapolis mills did not equal the present product of a week. Although the introduction of sacks had not in 1868 greatly encroached upon the product of the ancient and honorable trade of coopering, forty or fifty journeymen were more than enough to make all the barrels required by the mills. A part of the time, when the mills were running at full capacity, the coopers had employment at good wages; but in slack times the market was overstocked with barrels, forces were reduced in the cooper shops and wages were low. The coopers of Minneapolis, like journeymen coopers everywhere, were of the sort depicted in the opera of Boccaccio, a roystering, improvident, irresponsible set—transient and Ishmaelitish.

An individual exception—doubtless there were others—was an intelligent young journeyman C. W. Curtis by name. He believed that if the "bosses" were dispensed with and the associated mechanics could deal directly with the mills, they would gain both in wages and in the certainty of employment. In the spring of 1868 he persuaded William H. Reeves, George W. Sargent and Joseph Combs to join him in a coöperative experiment. They began simply and informally. No organization was necessary. Each owned his kit of tools, and there were no large initial outlays to be made. They rented a small shop that was standing idle, purchased barrel stock in small quantities and went to work. They arranged with one of the mills to take their product at a stipulated price. They allowed themselves the piece-price wages that the journeymen in other shops were getting, and divided the net profits. This division was not made on the *per capita* plan, nor based upon the trivial amounts of capital invested; but was in proportion to the amount of work done by each. The humble venture prospered during the few months of its persistence. It came to an end because the demand for its product ceased. The mills were largely shut down, and there was no market for coöperative barrels. The experiment was in every respect a success. If the market had justified its continuance and permitted its expansion, new members would have been received and the company would have become regularly organized and incorporated. As it was, these first Minneapolis coöperators thought it expedient to sell their little concern to a boss cooper, who was fortunate enough to have contracts for his product, and who gave them work as journeymen in his shop.

Of the four, Mr. Curtis was the only one who knew anything about coöperation elsewhere. His brief experience in 1868 had been far from discouraging, and he was the more ready to try again when the occasion offered, as it did two years later. One Friday in the spring of 1870, the journeymen in the shop where Curtis was employed were informed that their wages would be reduced on the following Monday from fifteen cents to twelve and one-half cents per barrel. Monday found Messrs C. W. Curtis, F. L. Bachelder, Lawrence Stoker and his son Frank Stoker at work in a shop of their own. They had withdrawn from the "boss" shop, leased a piece of ground, put up a small building—or more properly a shed, and had secured a contract for 4,000 barrels to start with. Their aggregate cash capital at the outset was less than $100. They prospered beyond their expectations, and for a part of the time gave employment to two or three journeymen. The senior Stoker was made treasurer, but the shop had no formal organization and no other officers. It had been in operation for the greater part of a year when the promise of a large contract seemed to warrant its early expansion into a ten or twelve-hand shop. Unfortunately, the hopes of Messrs. Curtis and Bachelder were not realized. Their associate, Mr. Stoker, had not in him the spirit of a true and faithful coöperator. He ingeniously secured personal control of the desirable contract, and informed his associates that he was about to make his *debut* as a "boss" cooper. This *coup d'etat* on the part of its treasurer ended the coöperative shop. Messrs. Bachelder and Curtis sold out to the Messrs. Stoker, and resumed the status of journeymen. The arrangement had been profitable while it lasted, and all parties were the gainers by it. It was the stepping-stone which enabled Mr. Stoker to become the proprietor of a large shop. And Messrs. Curtis and Bachelder had come out well pecuniarily and had profited still more greatly in experience.

At this time those experiments had just begun which have resulted in making Minneapolis the great flour-milling centre of America and of the world, and have revolutionized milling processes everywhere. The annual product had been less than 100,000 barrels in 1865, and less than 200,000 in 1870. The introduction of the new methods so stimulated the industry that the manufacture of 1873 reached nearly 600,000 barrels. The coopers naturally flourished under the expanding demand for their product. There was steady work at high wages. A coopers' union, organized as a branch of the International, was effective in securing the best possible terms for the journeymen from the bosses. More men were in constant demand, and Minneapolis became a cooper's Mecca. The journeymen seem to have held the reins from 1871 until 1874. The result might easily have been anticipated. The town became flooded with coopers. The bosses found it advantageous to keep twice as many men as were needed on the average, accommodating their product to the milling seasons and the fluctuations in the flour output. Employment at the cooper trade became uncertain and spasmodic. Not only were the journeymen obliged to forego steady work, but the bosses forced down the rate of wages. The union made its most vigorous fight without availing much beyond exposing its leading spirits to the enmity of the bosses and to unfavorable discrimination.

It was under these circumstances that the permanent coöperative movement began. Mr. Curtis and Mr. Bachelder had been convinced by their brief and informal experiment of three or four years previous, that they could make coöperation succeed. They had also learned from the fate of that experiment, that there ought to be a business-like, formal and well matured plan of organization. To what extent their plan was of their own devising, and to what extent they were indebted to suggestions from other sources, it is impossible to say. Whatever they may have borrowed was, at least, thoroughly adapted by them to the exigencies of their own situation. Mr. James S. Rankin, who was well informed with respect to coöperation in England and elsewhere, and who took deep interest in the inception of the Minneapolis movement, may have furnished hints and documents that were of aid in drafting articles and by-laws. From the beginning Mr. Rankin has shown a greater interest in the movement than any other person outside the shops.

The most serious difficulty to be met at the outset lay in the securing of a market. The coöperative undertaking had to meet the active hostility of the proprietors of the boss shops, who had much influence with the millers and the business community, while the obscure coöperators had none. The coopers were members of a union in affiliation with the International Workingmen's Association. The Paris communal uprising was a recent event, and the International was synonymous in the minds of many people with red-handed French projects of social disruption. It is not very strange that the timid and ignorant conservatism of capitalists and business men should have vaguely connected a coöperative enterprise launched by trades-unionists with Communism and Socialism—those undefined evils so hysterically denounced and so shudderingly anticipated a dozen years or so ago. It seemed for a time as if the suspicious organization would have prenatal death from lack of public confidence. At length a friend was found in Mr. Charles A. Pilsbury, to-day the greatest miller in the world, and then a recent acquisition to Minneapolis. He promised the coöperatives the contract for supplying one of the mills he controlled, and on the strength of this promise the enterprise materialized. In November, 1874, the "Coöperative Barrel Manufacturing Company" was incorporated under the general laws of Minnesota and entered upon a business which has been more stable and prosperous than that of any non-coöperative coopering establishment which has ever existed in Minneapolis.

THE FIRST COÖPERATIVE SHOP.

The Coöperative Barrel Manufacturing Company was organized by C. W. Curtis, F. L. Bachelder, Peter Kenney, J. W. Overacker and H. E. Roberts. Their names deserve honorable mention ; for either in this parent association or in those subsequently formed they have been among the strongest pillars of the coöperative movement. Having secured the contract to supply one of the Pillsbury mills, they were in condition to open a shop and add to their membership. They began active operations with a brotherhood of sixteen men. A Minnesota law enacted in 1870 provides for the formation of coöperative societies. It probably owed its origin to the granger movement, being designed especially to facilitate the establishment of coöperative stores and distributive enterprises. Some of its features were not well adapted to the purposes of the coöperating coopers, and they preferred to organize under the general statutes in the form of an ordinary commercial corporation, or joint-stock company. The amount of capital stock was placed at $10,000, of which fifteen per cent. was to be paid when subscribed. Indebtedness and liability were limited to $1,500. Officers were to be elected annually by the stockholders. The real constitution of the society was to be found, of course, not in its articles of incorporation, but in its by-laws. In most of their essential features these by-laws have remained unaltered from the first, and have been adopted without fundamental alterations by all the coöperative shops subsequently established. They are exceedingly creditable to the clear-headedness and foresight of Messrs. Curtis and Bachelder, by whom they were principally devised. Without attempting to indicate the changes of detail which have been found advisable since the inauguration of the movement in 1874, the existing by-laws of the Coöperative Barrel Manufacturing Company may advantageously be inserted at this point. They are as follows:

BY-LAWS.

ARTICLE I.

OFFICERS.

SECTION 1. The officers of this association shall be President, Secretary, Treasurer, three Directors, and Foreman.

OFFICERS' DUTIES.

President.

SEC. 2. It shall be the duty of the President to preside at all meetings of the members, and of the Board of Managers, to preserve order at such meetings, to decide all questions of order subject to an appeal to the house, to put all questions to vote, and give the casting vote in case of a tie. In the absence of the President at any such meeting the senior member present of the Directors shall act in his stead. It shall also be the duty of the President to sign all contracts entered into by this association, and all certificates of stock issued by it, to order the payment of all bids and claims against the company before the same shall be paid by the Treasurer, and shall keep a letter-press copy of all communications emanating from this association, in a book provided for the purpose.

Secretary.

SEC. 3. It shall be the duty of the Secretary to attend all meetings of the association, and make accurate minutes of all proceedings thereof, and record the same in a book provided for the purpose, and perform such other duties as usually appertain to this office. He shall keep an accurate account of all receipts and disbursements of the company, and a record of the amount of work done by each member, and the amount of money received for said work, and shall receive from the foreman and record a weekly statement of the amount and price of all work sold during each week. He shall make up the monthly, semi-annual and annual reports of the receipts and disbursements of the corporation. He shall keep a file of all bills, contracts and other papers belonging to the company. He shall countersign all contracts made, and all certificates of stock issued by the company. His books shall be kept open at all times for the inspection of any member of the association, and shall, together with all receipts, papers, etc., of the association, be delivered by him to his successor at the expiration of his term of office.

Treasurer.

SEC. 4. It shall be the duty of the Treasurer to collect all moneys due the association, and to deposit the same, in the name of the association, in such bank or banks as it may from time to time direct. He shall pay out no moneys of the association without an order by the President.

Board of Managers.

SEC. 5. The Board of Managers shall consist of the President, Treasurer and three Directors, who shall conduct and manage the business of the association. The Board of Managers shall elect a secretary from their number, who shall keep a record of the proceedings of the Board in a book provided for the purpose, which he shall read when called for by the association, and which shall be open at all times for inspection of members. They shall, on the first day of May and November of each year, make out a statement of the standing of the association.

Foreman.

SEC. 6. It shall be the duty of the Foreman to act as foreman of the shops of the association; to inspect all articles manufactured, and once a week to render the Secretary an accurate statement of the number of articles manufactured during the week, and also of the number and price of all articles bought and sold.

INSTALLATION.

SEC. 7. All officers shall enter upon their respective duties the first Monday after their election.

VACANCIES.

SEC. 8. Any office of this association may be declared vacant at any regular monthly meeting, or at any meeting specially called for the purpose, by a two-thirds vote of all its members, and the vacancy thus made may be filled at the same meeting by a majority vote of the members present. The officer thus elected shall hold office during the remainder of the unexpired term of his predecessor.

ARTICLE II.

DUTIES OF MEMBERS.

SECTION 1. Any member of this association who leaves his berth when the shops are running on full time, to take work elsewhere, shall forfeit the right to the berth which he has vacated, but should a member leave during a dull season, when the shops are running on a stent, his berth shall be reserved for him until the foreman of the shops shall notify him to return.

Intoxicating Liquors.

SEC. 2. No person shall be allowed to bring intoxicating liquors into any shop of this association, or to be drank upon its premises.

Withdrawals.

SEC. 3. Any member, with the consent of the Board of Managers, may withdraw from this association by giving the Secretary notice in writing of his desire to do so, when his membership shall cease and be determined; *Provided*, he shall immediately surrender his certificate of stock to the President, and receive therefor a note with interest at the rate of five per cent. per annum for all moneys due him by the association, payable six months from date.

ARTICLE III.

FORFEITURE OF MEMBERSHIP.

SECTION 1. It shall be the duty of the Foreman to reject all articles made by members of the association when not made satisfactory, or according to instructions, and if any member shall refuse or neglect to perform his work in a workmanlike and satisfactory manner, the Foreman shall report to the President, who shall call the Board of Managers to examine said member's work, and if they deem it necessary, shall authorize the President to call a meeting of the company, who shall have the power to discharge said member from the employ of the company by a two-thirds vote of all members of the company.

ARTICLE IV.

STOCK.

SECTION 1. Each and every member of this association shall be a stockholder, and each member shall hold the same number of shares.

Transfers.

SEC. 2. No member of this association shall dispose of or transfer his membership without the consent of the Board of Managers, and all transfers must be made upon the books of the company.

Interest.

Sec. 3. Every subscriber shall pay fifteen per cent. down on each share of capital stock for which he subscribes, and interest on the balance at the rate of five per cent. per annum until fully paid, according to the last semi-annual and annual settlement, which interest shall be paid on the first pay days of April and October of each year.

Issuing.

Sec. 4. Stock may be issued by the Board of Managers when the members shall at any general meeting by a two-thirds vote so direct.

APPLICATIONS.

Sec. 5. No person shall be eligible to membership in this association who is not known to be a journeyman cooper, and of good moral character. The Board of Managers shall act on all applications for membership when so directed by the association, and shall have the power to accept or reject any application for membership in the association.

ARTICLE V.

DIVIDENDS AND ASSESSMENTS.

Settlement.

Section 1. The association shall pay five (5) per cent. interest per annum on the first pay days in April and October of each year on all moneys actually paid in on each share of capital stock at the time of the preceding semi-annual or annual settlement, as the case may be.

Appraisements.

Sec. 2. The real estate shall be appraised in each semi-annual and annual statement, and any loss or gain shall be divided *pro rata* per share.

Losses

Sec. 3. All losses by fire, or failure of any corporation or business firm, shall be paid *pro rata* per share.

Assessments.

Sec. 4. There shall be a regular weekly assessment of not less than three (3) dollars nor more than five (5) dollars upon each member when the shops are running on full time. When not running on full time, the amount and number of assessments shall be fixed by the Board of Managers, and such assessments shall be regularly made, and applied upon the unpaid stock of such member until the full amount subscribed has been paid. Any member failing to pay his assessment shall be fined fifteen per cent. for each and every offense, unless a reasonable excuse be given to the Board of Managers.

Payment of Assessments.

Sec. 5. All assessments and fines levied by this association shall be paid on the first pay day thereafter, and shall be deducted from the weekly pay of the members. All losses, so far as may be, shall be paid out of the regular weekly assessment, and the balance applied in payment of subscriptions of stock.

Dividends.

Sec. 6. The Board of Managers shall, at the semi-annual and annual meeting held on the second Wednesday of May and November of each year, declare all dividends or losses, and the amount thereof. When a dividend is declared it shall be paid in cash within thirty days thereafter, to such members as have fully paid up all their subscriptions. Those who have not fully paid up shall have the amount of the dividend applied upon the unpaid balance of their capital stock.

Gains and Losses.

Sec. 7. All gains or losses on the work of hired help, or on the manufacture and sale of stock, shall be apportioned *pro rata* per member.

Sec. 8. All gains or losses not otherwise provided for shall be apportioned *pro rata* upon the wages received by each member.

ARTICLE VI.

DEATH.

Section 1. In case of the death of a member, this company shall pay to his lawful heirs, upon surrender of the certificate of stock, all moneys known by the officers to be due them.

ARTICLE VII.

AUDITING COMMITTEE.

Section 1. The association shall appoint a committee consisting of three members at the regular meetings in April and October of each year, to audit the accounts of the association, and report at the semi-annual and annual meetings.

ARTICLE VIII.

MEETINGS.

SECTION 1. The semi-annual and annual meetings of this association shall be held on the second Wednesday of May and November of each year. A regular monthly meeting shall be held on the first Wednesday of each and every month. Special meetings may be called at any time by the President, upon the written request of seven members of the company.

SEC. 2. Fifteen members may constitute a quorum for the transaction of business at any regular meeting. If less numbers appear at the stated meeting they may adjourn for future day.

ARTICLE IX.

AMENDMENTS.

Shop Rules.

SECTION 1. All shop rules adopted by this association shall be equally binding with these by-laws upon every member of this association.

Amendments.

SEC. 2. These by-laws may be amended at any regular meeting of the association, by a majority vote of all members of the association.

Among the most important features to be noted by the reader of this series of by-laws are those which provide that all members must be equal shareholders, and that the ordinary gains or losses of the business are to be apportioned not *pro rata* among the members, but in proportion to the work they have done. Losses and gains of a different sort, for example, those resulting from the work of hired help, from outside ventures undertaken by the association, gains from appreciation of real estate, or losses from fire or from non-paying creditors, are to be apportioned, equally among the members. The distinction between the two kinds of profit and loss, one kind affecting the men as capitalists and the other kind affecting them as laborers, shows keen economic insight, and has great practical value. So far as I am aware, coöperative societies elsewhere have not made this distinction. The provisions for admittances and withdrawals are also worthy of careful examination, and I shall have occasion to comment upon them further on.

Such was the carefully wrought form and organization of the coöperative society which grew out of the brief experiences already described. The members, less than a score in number, made an initial investment of fifteen dollars apiece, and a share of stock was issued to each man, the full amount of which was to be made up by assessments withheld from weekly wage-payments. These assessments for some time were at the rate of five dollars a week upon each member, and thus capital accumulated rapidly. An old cooper shop large enough for thirty hands, with two quarter-acre lots, advantageously situated contiguous to the tracks of the Chicago, Milwaukee & St. Paul railroad, was soon purchased at a cost of $3,000, of which $1,000 was paid in ready cash, and the remainder two or three years later. It is interesting to note that in these early days of the enterprise there was not a little jealousy and distrust among the members. They lacked confidence in their own business capacity because they had never tested it; and it was with many doubts and misgivings that they committed to the hands of their elected treasurer the initial payments of fifteen dollars. The subject of official bonds was earnestly discussed. The fact that their officers had not standing or backing enough to secure bondsmen settled the question. There was a hundred times as much anxiety lest the first treasurer should decamp with the small sums entrusted to his care as has ever been felt with respect to any of his successors, who have sometimes had from $10,000 to $20,000 ready cash in hand at one time. No treasurer of a coöperative cooper shop has ever given bonds or has ever failed honestly to account for every penny, with one exception, as recorded in the next chapter.

The Coöperative Barrel Company prospered solidly and steadily. Its membership was not increased rapidly, remaining at less than twenty-five for some two years or more. In 1877 five or six members, among them being Mr. Curtis, Mr. Bachelder, and other original coöperators, withdrew as a colony to found a new shop (the "North Star,") with a view to more rapid expansion than had been the policy of the "Sixth Street Shop," as the parent institution is generally designated among the coopers. The payment of the mortgage on the property, the starting of a second flourishing shop, and the continued growth of the milling industry and correlatively of coopering, had now seemed to place the coöperative movement upon an assured basis. It became popular, and development was no longer slow. The original company soon increased its membership to forty, then to fifty, and so on, its working capital being constantly augmented by weekly assessments and the issuance of new shares of stock from time to time. In 1880 the shop was destroyed by fire; but the loss of $3,000 was nearly covered by insurance, and the enterprise received no check. Larger and more convenient shops were built upon the constantly appreciating lots. In the spring of 1885 the membership had reached one hundred and twenty, and the paid-up capital amounted to about $50,000. Members had received their wages under a system that insured permanence of place, had in most years drawn gratifying dividends upon the safely invested capital which their weekly abstinence had accumulated, and could feel the pleasant assurance that whenever they chose to change their occupation or their residence they could withdraw from the shop without sacrifice and with cash for their shares. A large number of men, in fact, had occasion to withdraw in that very year. Labor-saving machinery, which was coming into general use in other places, had found its way into some of the Minneapolis shops. The sentiment of the coöperative workmen was against the introduction of steam machinery, but close competition made it necessary. The barrel partly made by machinery costs two or three cents less than the barrel made entirely by hand-work, and this seemingly slight margin is large enough to make the difference between profit and loss in a business where competition is so severe as in coopering. The total business was of course limited by the demand of the Minneapolis mills, and the Coöperative Barrel Company could not expect materially to increase its proportion of that business. The work which required one hundred and twenty coopers without the aid of machinery, could be done by ninety coopers when hooping, heading and finishing was all that remained for the mechanic to do. At a cost of several thousand dollars the company put in machinery in 1885, and the membership was soon reduced to ninety.

Perhaps it may be well to notice somewhat particularly this curtailment of membership, as throwing a side light upon the methods and management of these coöperative companies. In a general way membership is self-regulative. Ordinarily, no cooper would care to join a company which already had more men than the business required, because such a company would be obliged to keep its members working at short time on "stint," and could not pay full wages, not to speak of dividends. And of course the company would refuse to increase its membership, excepting as business outgrew the working capacity of the shop. When membership stands at a maximum limit, new comers frequently buy out old members, with the consent and approval in each case of the board of directors, and thus there may be, and in fact is much shifting in the *personnel* of a society that maintains a fixed number of members. When the introduction of machinery rendered the membership of the Coöperative Company too large by one-fourth, it was perfectly easy to make adjustment upon a voluntary basis. Some men preferred to transfer their membership to other shops where business happened to be better. Others were glad to take advantage of the company's offer of full cash payment of capital to set up as merchants in a small way or as farmers on government or railroad land. In most cases, naturally, the man who withdrew were recent rather than old members, bachelors rather than married men, and renters rather than owners of homes in the vicinity of the shop. The easy self-adjustment of membership to the conditions of business in these coöperative shops is a matter sufficiently noteworthy to justify this illustration.

The Coöperative Barrel Company has since maintained a membership of ninety. This does not include some twenty men and boys employed by the company as common laborers and in the routine processes of the machinery department. It should also be said that the company sometimes gives temporary employment to a number of journeymen coopers. The intelligent and efficient president of the company, Mr. M. J. Gill, informed me in March, 1886, that the company's real estate was valued at $23,000, that it owned a stave factory in Wisconsin worth $25,000, and that it had on hand materials and manufactured stock to the value of $10,000, making total assets of $58,000. Liabilities of all kinds amounted to $13,000. There was left a net value of $45,000, or $500 for each member. It should be remembered that retiring members had withdrawn a considerable aggregate amount of capital. The financial showing of the company must therefore be regarded as highly satisfactory. The stave factory in Wisconsin was purchased in 1883, all the members favoring the project. It has not proved a very profitable investment, and has convinced the coöperative coopers that they can ill afford to dabble in outside ventures. Mr. Gill pertinently remarks that a coöperative shoe shop would better not attempt running a tannery as an adjunct. The stave factory investment has not been in any sense disastrous, but it has not justified expectations.

Of the ninety members of the Coöperative Barrel Company, probably from sixty to seventy are married men. Mr. Gill informs me that fully nine-tenths of these family men own their own homes, their houses and lots being worth, on the average, $3,500. The entire membership were estimated as property-holders to an average amount of at least $3,000 by President Gill, and one of the directors is authority for the statement that nearly all the members have property worth from $3,000 to $10,000, while several have even more. It should be said that this very comfortable state of things is to be attributed in considerable part to the rapid increase in Minneapolis real estate values in recent years as well as to the direct benefits of coöperation. On the other hand it cannot be too emphatically urged that but for coöperation these men would not have acquired their little homesteads in the first instance, and would not have been so circumstanced as to profit by the advance in values. I do not know of a cooper outside the coöperative shops who has similarly profited. Certainly there are not many. Lots were originally sold to many of the coöperative coopers on deferred payments and at low prices by real estate dealers who were developing newly platted additions which are now well built up and valuable. It is interesting also to know, again on Mr. Gill's authority, that probably two-thirds of the members of his company who own homes obtained them through the aid of coöperative building and loan associations.

The present membership of this company includes about twenty-five men of American birth and parentage, thirty-five Scandinavians and twenty Irishmen, the remainder being of various nationalities. A large proportion are members of the Minneapolis Coöperative Mercantile Company, described in a subsequent chapter. It should be said that the Coöperative Barrel Company has absorbed two smaller coöperative shops of which no separate account need be given. The first of these was the "Excelsior Coöperative Barrel Company," which had about twenty-five members and was merged in the older and larger establishment in 1881 after a year's independent existence. The second was the "Union Coöperative Barrel Company." It was organized in the spring of 1884, and was absorbed by the Coöperative Barrel Manufacturing Company in the following December, its membership being about thirty-five.

THE OTHER SHOPS.

THE NORTH STAR BARREL COMPANY was organized in October, 1877, three years after the Coöperative Barrel Company had begun business. Its incorporators were Peter Kenny, Daniel G. Wentworth, F. L. Bachelder, John O'Donnell and H. W. Burroughs; and C. W. Curtis, who had removed from the city, returned and joined the new enterprise. Three of these men, Kenny, Bachelder and Curtis, were among the originators of the coöperative movement and founders of the parent company, and the others were among the earliest members of the "Sixth Street Shop." The success of the "North Star," was assured from the first. It began with eighteen stockholders, each of whom was rich enough to take two paid shares of stock. This cash capital of $1,800 was rapidly augmented by assessments on pay-days and the issuance of more stock in lieu of distributing dividends. Well-located property was acquired which has steadily advanced in value. The company reached its largest membership in 1882. Early in that year it absorbed the "Liberty Coöperative Barrel Company," which had been incorporated a year previous and numbered about twenty stockholders. The membership of the North Star was swelled to a round hundred. Its contracts were so large during the year following that it employed, a part of the time, eighty journeymen coopers, paying them the same wages as its own members. In 1883 membership began to decline, owing to the smaller proportion of milling patronage that fell to the company. Early in 1885 the membership stood at 77, each member holding eight shares ($400) of stock, mostly paid up. In May of that year it was found that the competition of other shops required the immediate introduction of machinery. There followed, of course, a further reduction in membership, amounting, as in the case of the Coöperative Barrel Company, to about one-fourth. In March, 1886, there were 59 members, to each of whom eleven $50 shares of stock had been issued. Mr. Burroughs, president, and Mr. Bacholder, secretary and treasurer, at that time estimated the value of the company's land and buildings at $25,000, its plant of machinery at $6,000 and the materials and manufactured stock on hand at $8,000—making total assets of $39,000. Deducting liabilities of about $4,000, there remained a net value of $35,000. The average annual product of the shop is about 200,000 barrels. The membership of the company in October, 1886, was fifty-six. These are nearly all married men, and it is estimated that about half of them own their homes. Some of the earlier members are in excellent circumstances, and the average is high. Not many of them belong to coöperative building and loan associations, but they are numerously represented among the stockholders of a coöperative store in the vicinity, as also are the members of the Coöperative Barrel Company. The predominating nationality in the North Star is German. There are several Scandinavian members and several Irishmen. Not so many are of American ancestry, but a large majority in the shop are men born on American soil.

The Hennepin County Barrel Company is one of the most enterprising and prosperous of the coöperative organizations. It was formed in March, 1880, with twenty-four charter members. This association was the outgrowth of strikes in the "boss" shops, and none of its original stockholders came from either of the coöperative shops then existing. It adopted *in toto* the organization and by-laws of its predecessors. Business was begun with an actual cash capital of about $600, or twenty-five dollars per member. A shop was rented on Nicollet Island, near the milling district, and after about six months a larger one was taken. The company flourished well, and in February, 1881, it increased its membership to fifty—drawing the new members from the non-coöperative shops—and bought property, at the same time amending its articles of incorporation and increasing the limit of authorized capital from $10,000 to

$50,000. The purchase comprised what was known as the "Ames shop," and included four lots, two on the east side and two on the west side of the Chicago, St. Paul & Milwaukee railroad, with shops on the east lots and warehouses on the west. The price was $8,800, of which $100 was paid in advance and the remainder was provided for in a contract calling for monthly payments of $100, with the privilege of more rapid payment, at the company's option. The following year two additional lots on the east side were bought for $4,000, and the two on the west side were sold for $8,000. New shops were at once built at a cost of $7,500, to which additions have since been made. The "Hennepin County" preceded the other coöperative shops by a year or two in the introduction of machinery, and made the most of its advantage, doing a very large business and earning very considerable profits. Its membership, which in 1883 or the following year reached fifty-seven, remained the same until very recently. It is now (October, 1886) only fifty-two. Its president, Mr. O. V. Dubois, a man of rare intelligence and executive ability, informed me in March, 1886, that the company's buildings and machinery were valued at $18,000 and its land at $17,500. Its property was mortgaged for $10,000, but it had considerable investments in materials, etc., and its net assets amounted to about $36,000. Fifteen shares of stock (amounting to $750) had been issued to each member, nearly all of whom had paid up the full amount. During the past year or two the members of this company, like the other coöperative coopers, have been thankful for steady employment and living wages, and have not expected much reward in their capacity as capitalists; still there have been some profits to divide. In more prosperous years the company has been able to pay generous wages and, in addition, to declare semi-annual dividends amounting sometimes to more than $100 for each member. The shop makes about 400,000 barrels a year, and serves some of the Washburn mills. It is hard to conceive of more perfect system and economy than are found in the operation of this admirable shop. Every member works regularly in his "borth" as a cooper, with but three exceptions. One of these is the president, who is at the same time the foreman of the establishment, managing the work inside and the business outside. The second is secretary and treasurer of the company, who acts as bookkeeper, accountant and cashier. The third is occupied as superintendent of the mechanical department, where a number of hired men and boys are employed in routine and unskilled processes. About forty outsiders, occupied at common labor in the yards and the mechanical department, are on the pay-roll. The three members serving in the official positions specified, are paid salaries based upon the average earnings of the working coopers. The fastest workmen in the shop are somewhat better paid than the president. The men in this company are nearly all married, and about half of them own homes. A large number are members of coöperative building and loan associations, and a majority are stockholders in the Minneapolis Coöperative Mercantile Company. About half are Americans, about one-third are Scandinavians, and the remaining sixth are largely Irish. The members work together amicably, and although differences of opinion lead sometimes to warm debates in the monthly meetings, there is ready and reasonable acquiescence in the will of the majority.

Of the existing coöperative associations of coopers, the PHŒNIX BARREL MANUFACTURING COMPANY is fourth in chronological order. Its articles of incorporation date from the 15th of March, 1881. Its founders were in some sense forced into coöperation. Nearly all of them had been working as journeymen in the Ames shop, and were thrown out of employment by the sale of the property to the aggressive young coöperative society last described. They were bold enough to turn adversity into prosperity by imitating the course of the men who had appropriated their berths. They organized as coöperators and rented the old Stoker shop just vacated by the Hennepin County Association, which had become possessed of the Ames property. They were as a rule young, unmarried men, and as impecunious as journeymen coopers generally are. They began with thirty members, each of whom made an initial payment of $15 on one $50 share of stock. In October, 1882, they leased ground and built shops at a cost of $3,500. From the first they have furnished the barrels used by the "C" mill of Washburn, Crosby & Co., and have turned out an annual product of about 150,000, worth about $60,000. Their membership still remains at the original number, thirty. It grew to thirty-seven at one time, but the requirements of the "C" mill do not justify more than a "thirty-hand" cooper-shop; and the Phœnix has been content with its one standing contract. The seven superflous members were bought out in February, 1886. This company is not large enough or rich enough to feel justified in purchasing a plant of machinery, and is at a slight disadvantage in doing hand work; but it has always been a successful shop. Like that of all the newer and poorer shops, its membership has been constantly changing, and in the present thirty are to be found only four or five of the thirty charter members. Through all changes, however, it has adhered to its original president, William Cutler, who is also foreman, and it regularly reëlects its treasurer. Five shares of stock had been issued to each member when inquiry was made in the spring of 1886, nearly all being paid up. The company's net assets were then placed at $7,000.

The Washburn "C" mill has needed the product of thirty coopers, at the market price for barrels. As coöperators, the thirty members of the Phœnix have had all the benefits of the contract. No capitalist, *entrepreneur*, boss or middleman of any description has come between them and the mill. In the form of better wages and fair semi-annual dividends they have received the profits that would have gone to a boss. And they have received larger profits in the aggregate, because their coöperative organization lessens the cost of production. It should be remembered that the $7,000 of net property owned by the company is the smallest part of its success. Its shop is paid for, its working capital enables it to handle materials in advantageous quantities, and no further accumulation of company property would materially assist the thirty members in making 150,000 barrels a year. The principal success achieved in this as in all the coöperative shops has consisted in the larger annual income of the men and in the indirect advantages, material as well as moral, that flow from regularity and permanence in work. The Phœnix has certainly won an unqualified success. About two-thirds of its present members are married, and five own residence property. These men have not had the same advantages for acquiring homes as the members of the older shops, owing to the marked appreciation of property in the part of the city where their shop is located. Americans largely predominate in the Phœnix shop, Germans coming next in number.

THE NORTHWESTERN BARREL COMPANY was formed in December, 1881, by forty journeymen coopers who had gone out on a strike from Hall & Dann's, the largest of the non-coöperative shops. They profited fully by the experience of the older coöperative shops, adopting their organization without material innovations. Each member made a cash investment of $15, and so the company began with a paid up capital of $600, the maximum amount authorized in the charter being $5,000. Three lots were bought at a cost of $1,800, and a $2,000 shop was built immediately. By assessments of two dollars a week deducted from wages, the capital grew rapidly. In the winter of 1882 the company put its entire indebtedness into the form of a five years' mortgage loan of $2,500. It had accumulated some working capital with which to handle material, and had paid $1,300 on its property. The land has greatly increased in value, and $2,000 more has been expended in enlarging the buildings, for which no debt has been incurred. The property is now worth more than $10,000, and is free from encumbrances, excepting the mortgage of $2,500. Including value of machinery, materials and manufactured stock, the net assets of this company amount to fully $15,000. In the fall of 1883 the membership was increased to fifty. Soon afterwards it was reduced to forty-five, and has remained at that number ever since. In the spring of 1886 there had been issued to each member seven $50 shares of stock, nearly all of which was paid up. The shop supplies two mills of about average capacity, and is equipped with good machinery. It employs about fifteen outside men and boys. It has been a very harmonious and prosperous enterprise. Although only three or four of the original members remain, the efficient president, A. J. Palmes is reëlected from year to year, and Thomas Flanerty is kept continuously at his desk as secretary. The president acts as shop foreman. The secretary as bookkeeper, is as methodical and correct as any bank official. The treasurer spends about one day in the week in performance of his duties, and is allowed pay for his time. Otherwise he works with his fellow-coopers. The evidences of thrifty and economical management in this shop are very gratifying, and the courtesy and intelligence of officers and members must impress the visitor. Notwithstanding the ruinously low price of barrels, for the past year or two, the company has earned fair profits on the capital invested. In its earlier years, the market being favorable, its earnings were large. During a half year in 1882, when the capital was very small, the company paid its men excellent weekly wages and earned net profits of $1,500—nearly equal to the entire cost of its land and probably about one hundred per cent. on the amount of paid-up capital. Not more than half a dozen of the forty-five members are unmarried, and a majority own their homes. From fifteen to twenty are Scandinavians, about half a dozen are Germans, several are Irishmen, and the rest are Americans. Though a little younger than the Phœnix, the Northwestern shop has surpassed it considerably. It began with a larger membership and larger contracts than the Phœnix; but its greater prosperity is doubtless due to the fact that it chose a location more remote from the mills and from the old cooper shops. It went further down the railroad track and bought cheap lots, which have since appreciated handsomely. Its members were also able to secure residence lots in the vicinity at small prices and on favorable terms of payment. The greater distance from the mills has been in no respect disadvantageous. The "Phœnix" shop, on the other hand, was built upon land leased for ten years in a neighborhood where its members could not easily become the owners of residence property.

The five shops already described are all in south Minneapolis, contiguous to the Chicago, Milwaukee & St. Paul railroad. The shop of the MINNESOTA BARREL COMPANY is in northeast Minneapolis, close to the tracks of the Duluth railroad. The company was organized in March, 1884, drawing most of its members from boss shops in the immediate vicinity, although several had been members of other coöperative shops. It began with thirty members, each of whom invested fifty dollars in cash and received a paid-up share of stock. A shop was rented for the first year, but in the spring of 1885 three lots were purchased at $750 each, and a building erected at a cost of nearly $2,000. The shop was paid for in cash, and a first payment of $500 was made on the lots. The net assets of the company now (October, 1886) amount to about $7,000. In the winter of 1885–6 the membership reached thirty-seven. The company's business, however, failed to justify the retention of so many members, and thirteen voluntarily withdrew, accepting the company's notes at six months without interest for their shares. One has since withdrawn and the number of members is twenty-three. The shop has not introduced machinery. At the outset its members were nearly all single men; but married men have been buying them out one by one until they are in the majority. Six or more own their homes. The number is made up of Americans, Scandinavians, Germans and Irishmen. The president, J. W. Kline, was at one time president of the Coöperative ("Sixth Street") shop, and also served the North Star in the same capacity for a term. The president acts as foreman and has a salary of fifteen dollars a week. The secretary, who is also treasurer, is paid eight dollars, and ekes out his income by making barrels at the regular piece-price wages. If this shop has not been as brilliantly successful as its founders had hoped, the depressed condition of the trade and the extraordinary pressure of competition sufficiently account for it. Its members have been incomparably more fortunate and prosperous than their fellow-coopers working in neighboring boss shops.

The Acme Barrel Company, the youngest of the coöperative flour barrel shops, dates from May, 1885. Its members were working as journeymen for a proprietor named Stevens. There had been dissatisfaction on both sides, and it was finally arranged that the men should organize as a coöperative association and lease the shop; Mr. Stevens being paid a stipulated price for operating the machinery with which the establishment was equipped. Forty members entered the association, each taking a fifty-dollar share of stock and paying as much cash as he could. Nobody advanced more than twenty-five dollars, and some were unable to make any initial payment. A capital of $625 was made up, however, and it grew by weekly assessments of two dollars. The Stevens arrangement was only a temporary one. In August, three months after its incorporation, the Acme company bought five lots adjoining the Manitoba railroad tracks on the outskirts of the city for $3,700, paying $200 down and obtaining five years' credit for the rest. Lumber was purchased and paid for, and the members built with their own hands an excellent shop at an outlay of only $3,200, moving into it in September. In November, at the end of its first half year, the company was able to make a dividend of $600, which was all paid in on capital stock. The second half year was begun with forty-nine members;

but there was prospect of light work for the winter and a number withdrew, reducing membership to thirty. At present (October, 1886) the membership is twenty-five, and business necessitates the employment as journeymen of fifteen more. The shop has not yet invested in machinery. Three fifty-dollar shares of stock have been issued to each member. A large majority of the men are married, and many of them have taken advantage of the newness of the neighborhood to acquire homes on advantageous terms. Most of them are paying on the installment plan. The success of this new company has been very marked, in view of the extremely hard times the coopering trade has experienced ever since its organization. Its affairs have been carefully and economically managed, and its members have worked energetically and unitedly.

All the shops hitherto described are engaged exclusively in the manufacture of flour barrels for the twenty-three Minneapolis mills. The TWIN CITY BARREL COMPANY works in an entirely different field. It does "tight" coopering of all kinds. Organization was effected in January, 1886, with ten members, each of whom invested fifty dollars in one share of capital stock. The men were nearly all former members of the "Sixth Street Shop" (the Coöperative Barrel Company), and the by-laws of that shop were adopted with immaterial alterations. A profitable business was secured at once, and the membership was soon increased to fourteen, the shop being the largest in its line in the city. The men worked with spirit and ambition, willingly paying assessments of from three dollars to five dollars a week from wages of twelve dollars, in order to build up capital and acquire the varied machinery necessary to the equipment of a large shop engaged in miscellaneous coopering. In a few months each member had acquired three paid-up shares and the fourth had been issued. The shop was making a specialty of butter tubs, and was doing a good business in pork barrels, vinegar, cider and whiskey barrels, beer kegs, etc. It owned $1,500 worth of machinery, practically all paid for. The rapid growth of the business was confidently expected. These expectations have not yet, however, been justified. Trade slackened during the summer, and more than half the members found temporary employment elsewhere, retaining their membership in the company and sending in their weekly assessments. A visit paid the shop on October 6th found only five men at work. The company had recently suffered from a fire—machinery and completed stock being injured to the amount of $1,200, of which only $400 was covered by insurance. A more deplorable misfortune had befallen the association. The treasurer failed to appear one day, and has never been found. His disappearance cost the company only about seventy-five dollars, which was of trifling consequence; but the man had been trusted implicitly, and his conduct made the first blot on financial record of the coöperative shops, whose treasurers had handled millions of dollars in the aggregate without bonds and without a penny of defalcation. The treasurer of the Twin City Company was also treasurer of the Coopers' Assembly of the Knights of Labor. It is not believed that his dishonesty was premeditated. He had fallen a victim to the fascinations of "poker," and it is believed that, having lost the money at the gaming table and finding it impossible to replace it, he dared not face the consequences and ran away. His former associates have no harsh word to say concerning him. The Twin City Shop holds on courageously in spite of depressed trade and disheartening competition. It expects a winter business that will employ all its members, and is planning to build its own shop next spring, when its present lease will expire. Its line of business is more precarious than the flour-barrel shops, but it is unquestionably an advantageous field for coöperation; and with the increase of its facilities and the growth of the city, the Twin City Shop may expect enlargement and prosperity. Mr. N. R. Treat has been president from the first, and is now acting as treasurer—a convenient arrangement inasmuch as the business of the shop takes the president to the places where bills are to be collected. The superior quality of the work done in this shop is admitted. As its facilities are improved it can compete for work at outside points and greatly enlarge the scope of its business. In this respect, obviously, it does not labor under the limitations of the flour-barrel shops.

THE SYSTEM AND ITS RESULTS.

In every aspect the coöperative flour-barrel companies of Minneapolis have been successful. They have been much superior in stability and strength to the other shops. Their form of organization really defies competition. Coöperators are workingmen, and they work for wages. Profits are pleasant and desirable, but only incidental. They are not necessary to the success of a coöperative establishment in which labor is the large element and the investment of capital chiefly important as securing steady employment for the worker and relief from the uncertainties and exactions of employment at the hands of a boss. A coöperative shop can run successfully for an indefinite period and market its product at absolute cost—by which is meant the price of the materials plus the piece-price wages of the men and plus a small margin for general expenses and shop maintenance. It can do better than this. It can market its product at much less than the cost of manufacture in a non-coöperative shop, because its men in their capacity as proprietors and capitalists can, for the sake of future advantage, cut down their own wages as workingmen to the point of bare subsistence and keep them there for a considerable time with much fortitude and cheerfulness, and without danger of degradation. Many a business man, in a critical time, makes great curtailment of personal and family expenditures. He contents himself with the smallest possible wages in order to preserve his business capital intact or to gain some commercial advantage. Coöperators can do practically the same thing. A boss, hiring a force of journeymen, cannot reduce wages below a certain point without incurring the risk and expense of a protracted strike. This is no mere theory. The competitive superiority of the coöperative system has been thoroughly exemplified in Minneapolis. Some one will perhaps ask at this point why any "boss" shops remain in the city. The question is very pertinent; and to answer it will be to explain the nature of the hardest problem the coopers of Minneapolis have had to face—a problem still unsolved.

Taking the country "by and large," the coopering trade is declining. This is due in part to the manufacture of barrels in large shops by the aid of machinery, reducing the number of coopers by twenty-five or thirty per cent. It is also due in considerable part to the use of sacks and boxes and other packages in relatively larger proportions. Minneapolis is one of the few points in the country where the coopering business has largely increased within a few years. Naturally the place became a coopers' Mecca. Too many came, and severe competition ensued. The recent somewhat general introduction of machinery in the Minneapolis shops threw more men out of work than the growth of the milling industry could reëmploy. Bosses have taken advantage of the situation to make limited contracts with the mills for barrels at a very low price. Their policy has been to work their shops to the fullest capacity during the active milling season, paying the lowest possible wages, and closing entirely or at least discharging the bulk of their men during the dull part of the milling year. The coöperatives have been obliged to meet the low price of barrels in order to keep their contracts. Their superior organization has enabled them to make a better article than the boss shops at the lowest of prices. The chief sufferers are the journeymen in the boss shops, whose wages are very low and whose employment is very precarious. The coöperatives also suffer both as capitalists and as wage-earners. Journeymen and coöperatives together constitute a Coopers' Assembly of the Knights of Labor. Attempts have been made through that order to increase wages, but without much avail. The coöperatives cannot join the journeymen in a general strike because they have interests as capitalists. The journeymen cannot effect anything by separate action. Obviously the associated millers hold the key to this curious and complicated situation. If all the coopers in the city were journeymen, wages could be forced up by a general strike at a time when the daily demand of the mills was large and imperative. If all were coöperatives it would be comparatively easy to agree upon a scale of selling prices for barrels. The millers seem to think that it is to their interest to give a part of their contracts to the boss coopers. The coöperatives would fill those very contracts with a better article at a lower price. But if the coöperative method of production were allowed entirely to supersede the old boss system, as it would easily do if the law of the survival of the fittest could have uninterrupted action, the result might be an advance in the price of barrels. There would remain a healthy though not ruinous competition among the different coöperative shops, and there would always be the possibility of resuscitating the boss system; so that the millers could suffer no material disadvantage from permitting coöperation to prevail. They really prefer, I believe, to deal with the coöperative shops, acknowledging the superiority of their goods in workmanship and material and their greater reliability in business dealings. They have been disposed to deal fairly and considerately with the coopers, and always protest that they are willing to pay fair prices for barrels. But while the present competition between the two classes of shops remains, there seems little hope for the return of such wages and prices as prevailed a few years ago. Coopers now get from eleven to thirteen cents wages for a hand-made barrel, whereas they used to get from sixteen to twenty cents.

As the manuscript of this sketch is about to be forwarded to the printers, the journeymen coopers are in the midst of a strike and the situation is a most anomalous one. For months there had been unavailing attempts to secure the increase of wages to sixteen cents. The coöperatives, of course, were as desirous as the journeymen to attain this object. About the middle of October the journeymen struck, and the coöperatives stopped work as if in accordance with a previous understanding. A strike of switchmen in the railroad yards, which came a day or two later, practically interrupted all movement of wheat and flour, and forced the closing of the mills. The demand for barrels ceased simultaneously, and the coopers' strike was thus robbed of all its potency. With the full resumption of railroad traffic and the reopening of the mills a week later, the coöperative shops began work again in fulfillment of their contracts, the journeymen still holding out. There are now four non-coöperative shops—a very large one equipped with machinery and employing about one hundred and thirty-five men at the time of the strike, and three small ones without machinery, having in the aggregate about sixty-five men. The coöperative shops employ, in round numbers, four hundred men as against two hundred in the other shops. The most likely effect of the present trouble would seem to be the transfer of more business to the coöperative shops; but nothing can be safely predicted. A very persistent attempt has been made to secure the adoption of a pooling system. The plan proposed would have included all the cooper shops in the city. Business would have been apportioned among the shops upon the basis of their membership at the time of the strike, allowing one-third more business, relatively to membership, to the shops having machinery. One person, as agent of the pool, would have been charged with the selling of barrels and the purchase of stock. The proposed selling price was thirty-nine cents, which would justify wages of sixteen cents. A board composed of representatives from each shop would have had control of the management. All the shops consented to the plan excepting the two oldest coöperative establishments, which were on November 1st to enter upon contracts for the entire supply of the Pillsbury mills, and were unwilling to sacrifice their advantageous prospects. I am inclined to believe that the pooling system would have been successful and beneficial, in view of the peculiarities of the market. As matters now stand, there seems no prospect, for the immediate future, of anything else than the continuance of harsh competition and the present low scale of wages and prices.[1]

It is under just such depressed conditions, however, that the real strength of coöperation is best exhibited. If there is a penny to be made in the manufacture of barrels, the coöperatives make the penny. They use honest materials, and do thorough, honest work; but every man has the spirit of a proprietor and works for the good of the shop. There is no waste of material. Piecework, of course, in any case conduces to industry. This is especially true in the coöperative shops, where the men are in some danger from overwork. Nobody is allowed to work more than ten hours, and every man is in his berth on the minute. Each places his mark upon every barrel he finishes, and is held responsible for defective workmanship. The organization is as close and economical as possible. The secretary—who is also bookkeeper and a very useful and busy person—is in most of the shops the only man who does not perform manual labor; and in one or two shops he also works in his berth a part of the time. The president acts as general buisness manager and generally also as foreman. He supervises the counting and loading of the barrels hauled daily to the mills; he attends to the purchase of stock, and is never an idle figurehead. The directors are paid hourly wages for the limited time their official duties require. President and secretary are paid weekly salaries which are somewhat better than the average earnings of the members, but less than the earnings of the fastest workmen. Watchful interest keeps incidental expenses at a minimum.

---

[1] Since the above was written, the strike has terminated successfully for the coopers. The proprietors of the four shops were asked to sign an agreement to pay on the basis of fifteen cents for making hand-made barrels. The coöperatives paid the journeymen full wages for staying out, and the owners of the large shops at length followed the other "bosses" in signing the scale. Considering the difficult character of the situation, the victory is a most remarkable one.

The business methods of the coöperative shops are admirable and their credit is high. Manufacturers of coopers' stock find the coöperatives their most satisfactory customers. The Minneapolis banks seek their patronage and are ready always to give them accommodations. The books are open to the inspection of every member, and the semi-annual report fully reveals the condition of the company, so that there is no chance for suspicions and uncomfortable surmises. Everything is kept fair between older and newer members. Careful revaluations of the real estate are made frequently, and if there has been any advance it is equalized by crediting the stock account of each member. Depreciations and losses are squarely faced and made up by assessments. Consequently a retiring member withdraws a full and equitable portion, and an incoming member pays neither too much nor too little. Usually the new comer has bought out a retiring member and assumes his status; otherwise there is issued to him the amount of stock held by the other members, and he is charged interest (usually at the rate of six per cent.) until he has paid up his shares. His semi-annual dividend, as well as his weekly assessments, are credited to his capital stock account. If he withdraws before his shares are all paid up, he receives precisely the amount that has accrued to his credit. The principle that all members shall hold the same amount of stock is thus firmly maintained. The retiring member is entitled by the rules generally prevailing in the shops to a six months' note drawing five or six per cent. interest if the company finds it inconvenient to pay cash. Very properly all gains and losses from advance or depreciation of property, from fire, or from the failure of any business firm or corporation, are apportioned *pro rata* among the members. But the ordinary gains and losses in the business are distributed in proportion to the work done, *i. e.* to wages. The man who makes the most barrels not only receives the highest wages, but also the largest dividend, if the business has been profitable. If the half year's business has been unprofitable, the man who has drawn the largest amount in wages is assessed accordingly to make up the deficit.

Coöperation has developed business capacity in the men which they were not aware of possessing because they had never tested it. The conduct of the shops from the governmental point of view may well encourage one's belief in democracy. Sound judgment almost invariably prevails. Tried and accepted officers are kept at their post year after year, and there is a minimum of jealousy. Dissension is almost unknown. Differences of opinion are not infrequent, but the will of the majority is acquiesced in without strain. The system is an excellent discipline. It trains all the members to an understanding of ordinary business methods and transactions, conduces to moderation, patience and self-control, and fits for the duties of citizenship.

It is worth while to remember that the three or four hundred men now stockholders in the companies are only a small minority of those who have enjoyed the benefits of the system. These shops may be likened to schools continually sending out their graduates. It would be interesting to know the number of different individuals who have at any time been members of the shops. My information does not cover that point; but I should venture to guess that the "graduates" are from five hundred to a thousand. Coopering is becoming a poor trade for reasons that have already been assigned. Declining demand for their product is forcing many coopers into other employments. Happy are those who, as members of a coöperative shop, retire voluntarily because they are in condition to better themselves. The company has served them as a compulsory savings bank. It has accumulated for them the ransom-money with which to buy their industrial freedom, and has trained them for the safe and successful use of that freedom. A recent English work on practical economics entitled "The Wealth of Households" very fittingly says: "The workman of our day is yet, to too great an extent, without either the wealth that provides for the morrow, or the wealth that is as a tool wherewith to make more wealth. . . . . Let him learn to regard the possession of a year's subsistence in advance as what it truly is: The due purchase of his freedom as a member of the great industrial community to which he belongs. It is the lowest price, at which, in fact, that freedom can be had. It is the price which all who have it have paid, or had paid for them, in time past. It is not beyond his means; for thousands of his class are daily paying it, from means drawn wholly from weekly wages." To do it in so meanly remuneratively a trade as coopering must require regularity of employment and an uncommon tenacity of purpose; and the journeyman who ever gets six months ahead in the world is very exceptional. Still more exceptional is the one whose little start is not sooner or later sacrificed by loss of employment, sickness or other contingency. In Minneapolis coöperation alone has enabled the coopers to save. Those in the non-coöperative shops have not saved. The regular weekly assessment of $2 or more withheld from wages, to which is added all dividends until stock shares are fully paid for, compels the member to become a capitalist in spite of himself. If he remains two or three years he will retire with savings of several hundred dollars, and with the well-grounded habit of saving. A large number of "graduated" coöperative coopers have become farmers; and from a berth in a cooper shop to the proprietorship of a farm is a distinct advance. The farmer who is not too heavily mortgaged is more secure in his "freedom as a member of the great industrial community" than any other man. But to become a farmer something more than one hundred and sixty acres of free land is necessary. Transportation of family and effects costs a round sum. A cabin must be built. Horses, a wagon, a plow and other utensils are absolutely necessary. The means of subsistence must be procured while the farmer awaits the maturing of his first crop. The wage-worker who has saved a few hundreds may become a farmer. The one who has not, finds it a practical impossibility. Thus a sojourn of three or four years in a coöperative shop has made farmers,of many coopers. Others have launched forth into small mercantile enterprises, well prepared to conduct them successfully. For in the coöperative shops every member becomes, more or less, a business man. Even those who do not serve their turn on the board of directors have the benefit of participation in the monthly meetings, and acquire familiarity with all the business details of the large establishment in which they have a proprietary interest. The value of the business education thus acquired can not easily be overestimated.

The coopers themselves are emphatic in saying that the moral effects of their coöperative movement constitute its highest success. It has unquestionably wrought a transformation in the character of these craftsmen. They are no longer a drunken, disreputable guild, figuring in the police courts and deserving the disfavor of the community. They have become a responsible and respectable class of citizens. Their sympathies are with law and order and public morality. They are Knights of Labor, with few exceptions, but are always opposed to violent or unreasonable methods; and their influence upon the whole body of Minneapolis Knights, which is very large, is strong and salutary. They find in their own craft that they must work ten hours a day in order to earn enough to support their families; and while for most excellent reasons they desire an eight-hour day in all industries, they clearly perceive actual difficulties and deprecate all rashness. One of their number, Mr. H. L. Bachelder, has been a member of the state legislature for four years, and his good judgment and absolute trustworthiness have made him a valuable member. A process of natural selection has brought together the best men in the coöperative shops, and their superiority in intelligence, morals and pecuniary responsibility over the journeymen in the non-coöperative shops is conceded. Coopers have repeatedly said to me that their coöperation has won its great success in the making of men. It has made them provident and temperate. It has replaced self-distrust with self-reliance and self-respect. To most men, sweet are the uses of prosperity. The acquisition of a bit of residence property, a proprietary and responsible interest, however small, in a prosperous business establishment, the receipt of wages and dividends sufficient to clothe wife and children neatly and respectably, will astonishingly improve four workingmen out of five in mind, in morals and in manners.

It may be worth while to remark that coöperation is not a religion with these coopers. They are not experimenting for the benefit of humanity. One of them might withdraw with his savings and set himself up as the proprietor of a boss shop without the slightest twinge of conscience or the remotest chance of being charged with the sin of apostasy. The president of one of the smaller shops had formerly been a member of one or two of the older and larger establishments, and withdrew to found a shop of his own in another town. He failed in the business, for some reason, and came back to coöperation in Minneapolis. And his case is not a solitary instance. Any cooper is ready to bid farewell to his berth, his mallet and his well-worn apron when something better clearly presents itself. They believe heartily in coöperation because the system benefits and elevates workingmen; but they are not on bad terms with society as they find it about them, and are entirely willing to step out of the ranks of handicraftsmen and wage-workers whenever opportunity permits. They recognize no impassable gulf severing industrial and social classes. Their advancement to the dignity of capitalists, employers or brain-workers is not a repudiation of the coöperative system, but the highest possible compliment they could pay it. In nothing is their sound American sense better shown than in their practical, every-day view of their form of organization as something exceedingly useful and valuable for what it has done and is doing, but not as anything sacred or worshipful. So far as I know, the movement has never had a social philosopher or a hobby-riding "reformer" connected with it, and nobody who ever thought of idealizing it into a cult.

On the whole, the movement has been a financial success. Mr. Jansen, now manager of the coöperative store, who was for ten years a coöperative cooper, tells me that in addition to his wages, which averaged decidedly better than those in the non-coöperative shops, he received dividends every year, amounting to $250 in one or two years and never falling below fifty dollars. These dividends were not reinvested in the business, for after reaching a certain point the shops need no further accumulations of capital. Mr. Jansen sold his shares for $750 when he withdrew, and he had taken out from time to time a much larger aggregate sum in dividends. Mr. Curtis, of whom I have already said much, and who is now connected with the city police department, testifies to a similar experience and says that other of the older members, perhaps many, have drawn out more in dividends than they have ever paid in on their capital stock. For the past two or three years wages have been small, dividends light, and the money-making outlook discouraging. But money-making is not the real test of success in coöperation. The strength of the system in the face of bitterly hard times is its best commendation. Financial prosperity lends a fascinating glamour to enterprises of this kind, but true success, which is moral in the broadest sense of the word, can best be estimated when that glamour is removed. The coöperative shops have developed men who can endure the test of hard times.

In conclusion, let me draw a very few generalizations from the results of coöperation in Minneapolis. It has proved superior in economy of production. All the flour barrels used in Minneapolis would be made in coöperative shops if competition were allowed to settle the question. A coöperative shop has no "*entrepreneur*" or middleman to support; it is satisfied if its men make good wages; it turns out better work with less waste of materials, and it does not have to calculate any margin for such contingencies as loss through strikes or labor difficulties. Coöperation has proved that workingmen can do business safely and well, and that they have an instinctive caution and conservatism that causes them almost invariably to reject specious and unsound methods in business. Again, it has proved that workingmen can work together amicably, regardless of creed or nationality, and that the democratic organization of their industry teaches them to respect the rights and opinions of one another, and to treat their associates with courtesy. It may be fairly inferred that coöperation is entirely applicable to the coopering trade in other places where the demand is reasonably large and the market not subject to peculiar restrictions. Thus in flour-making cities like Milwaukee, St. Louis, Rochester and New York, coöperative cooper shops ought to find scope. In pork-packing cities like Chicago, Kansas City and Cedar Rapids there might be opportunity for coöperative pork barrel shops. In cities and towns where cement and lime are important products extensive cooper shops are necessary, and coöperation ought to be feasible. In the whiskey region of Kentucky, in the sugar and molasses region of Louisiana, in the dairying districts of Illinois and Iowa where butter tubs are largely used, and in the great brewing centres, there would seem to be a field for coöperative coopering. In small places the circumstances must be taken entirely into account. Barrels are too bulky to be shipped far, and coopers are dependent upon their local market. In villages where a single mill or other customer exists, the cooper shop is generally controlled as an appendage, and coöperation would be impossible without the good will of the miller or other customer.

The Minneapolis coopers believe as a result of their observation and experience that coöperation would be successful in a wide range of industries. Their own has the advantage of being a simple, old-fashioned trade, in which each man does the same work and finishes the product, and in which labor rather than capital has the chief relative importance. But they would not hesitate to recommend coöperation for more complicated industries. Boot and shoe factories, sash, door and blind mills, tailoring, furniture-making and hat factories are lines of manufacture in which they suggest that coöperation is feasible. Where piece-work is possible the coöperative system is obviously more applicable; but it does not follow that it would be inapplicable in industries which require large subdivision of labor. It may be regarded as essential that each man have an equal voice in the management of the enterprise; it is desirable, but not essential, that all should be equal owners. Coöperation is easily seen to be less applicable in lines of production where capital has greater relative importance than labor; where quality of workmanship is of little or no account; where the speculative and uncertain elements in price are very large, as in the iron industry; where the market is remote, variable and peculiar, and success is much more largely dependent upon commercial than upon industrial advantages and conditions.

A Western professor, who has few superiors as a political economist and a sagacious observer of social phenomena, is accustomed to say that large success in coöperation must await "the development of the coöperative man." I believe that all conditions are now peculiarly favorable to his development, and that his advent will be a realized fact almost before we are aware of it. The laws, customs, opinions and traditions that have given industrial society its present form, are undergoing very material modifications. Meanwhile the wage-workers, in their labor organizations and in other ways, are becoming trained for an improved regime. They are gaining the self-mastery, the mutual confidence and the power to act in unison that are marks of "the coöperative man."

CHAPTER II.

A COÖPERATIVE AGRICULTURAL COLONY.

Another of the enterprises which owe their origin directly or indirectly to the coöperative movement among the coopers of Minneapolis, is a coöperative agricultural colony. Its founder is Mr. J. S. Rankin, a life-long advocate of coöperation, and the patriarch of the movement in Minneapolis. For many years Mr. Rankin was a journeyman printer. Afterwards he was engaged in educational work, and in the publication at Minneapolis of a weekly paper, *The Minnesota Mirror*, "a journal of coöperative progress and industry." He is a poor man and the strength of his life is spent; but in old age he embarks with courage and enthusiasm upon an undertaking of great moment, and one which at the outset involves many practical difficulties and hardships. Agricultural coöperation has long been Mr. Rankin's favorite prescription for some of the worst evils of our present social system. He does not propose an ideal reorganization of society in which everybody shall have to take a place, and his views are not those of the Utopian school of communistic philosophers. But his observation and study have convinced him that the land is the best basis for coöperative production, and that no other form of coöperative activity can be so successfully and easily managed, and so fruitful in good results as that of an agricultural community.

The drift towards population-centres is rightly viewed with solicitude by thoughtful men. The cities must always attract the strongest and most ambitious. But the intense and artificial life of the city wears out mental, moral and physical force. There should be freer circulation between city and country. The thousands whom the relentless struggle of city life is driving to the wall, ought to find escape into the country. They cannot go independently. They do not know where to go. They cannot acquire and cultivate land without capital. There are thousands of unsuccessful men even in our western cities, within a few hundreds of miles of free government land, for whom it is as impossible, practically, to become farmers as to become European emperors. They would gladly betake themselves with their families to the health, hope and peace of a life in the country if the way were opened.

Mr. Rankin and many of the Knights of Labor of Minneapolis believe that coöperation may furnish the desired avenue from poverty, sickness and defeat in the city to competence, health and success in the country. They have determined to demonstrate it for their own benefit and for the encouragement of others. Their lack of means has prevented an imposing and showy beginning, but they have not shrunk with false pride from a humble start. The enterprise is in its first year, and has only fairly entered upon the necessary stages of rude pioneering. It is not, therefore, to be estimated by its attainments or statistics, but by what, on the whole, appears to be its real potentiality. Let me describe briefly the history and nature of its organization, its physical basis, its *personnel* and its present status.

In December, 1883, "The Coöperative Land Association" was organized by leading members of the Minneapolis Knights of Labor, and its corporate existence began on the fifteenth day of March, 1884. The object of the association was said in its articles to be the purchase and sale of lands and mortgages. Whatever may have been originally contemplated, it soon came to be understood that the association should furnish Mr. Rankin the land upon which to put into practice his plan of agricultural coöperation. The land company had been formed at a time when workingmen had few extra dollars to invest in general or uncertain enterprises, and it would probably have been dissolved but for its adoption of Mr. Rankin's project, and the earnest interest of several members in the materialization of that undertaking. Mr. J. P. McGaughy, District Master Workman of the Knights of Labor, Messrs. T. W. Brosnan and John Lamb, president and secretary of the Land Association, and still others, gave the matter their hearty assistance; and chiefly through Mr. Rankin's personal exertions the land company began in the fall of 1885 to gather some money into its treasury. Ten-dollar shares of stock were subscribed for by a large number of workingmen, to be paid in small periodic assessments.

The location of the prospective colony was fixed in the Mille Lacs region, in Crow Wing county, upon Northern Pacific railroad land, at a point about one hundred and twenty miles from Minneapolis and about the same distance from Duluth. A tract containing two hundred and fifty-three acres was purchased and paid for with preferred stock of the road, making the cost of the land about $2.50 per acre. It fronts upon Bay Lake, a beautiful sheet of water about three and a-half miles long and two and a-half miles wide. The land is finely timbered with oak, maple, hickory, ash and white walnut, with occasional openings. Definite arrangements have been made which give the Land Association control of contiguous land, and the domain of the colony practically includes five hundred acres. About $2,500 has been subscribed by the shareholders of the Land Association, who are all, or nearly all, workingmen and Knights of Labor, and about $700 of this amount had been paid into the treasury prior to the middle of October, 1886.

Meanwhile, Mr. Rankin had organized the Pioneer Coöperative Company, which was to settle upon the land; and an agreement was made by which the colony was put in possession of the tract. A contract was drawn between the Land Association and the Pioneer Company under the terms of which the land was to be sold to the second party for its cost, $675, of which $100 should be paid on January 1st, 1889, and $300 each succeeding year until principal and interest should be fully paid up, the debt meanwhile to draw seven per cent. interest. The Land Association's rights, by contract with the railroad company, in other land adjacent, was also transferred to the Pioneer Company. The sale was made subject to the condition that the purchasing party should occupy the land as a coöperative colony and should conform to certain rules and arrangements which were made a part of the contract. Inasmuch as these specifications of the contract really embody the constitution of the colony, they should be reproduced in full. They are as follows:

"1st. No person of suitable age, character and ability shall be debarred from associating with said second party [the Pioneer Colony] in the undertaking, on account of his religious or political opinions.

"2nd. Said second party shall receive as members all persons of adult age, as rapidly as the circumstances of the Pioneer Coöperative Company may permit, who are able to fill useful positions in the company, and are willing to be governed by the rules and regulations herein set forth.

"3rd. That the land, or so much of it as may seem to be needed, and the use of which is now and hereby granted the aforesaid Pioneer Coöperative Company, is to be considered by both parties to this contract as inalienable, so far as present intention and mutual agreement can make it so, it being fully understood and agreed to that no speculative purposes having reference to the future sale of said land, or any part of it, enter as considerations into this agreement. On the contrary, it is fully understood that the land hereby granted is to be regarded as the home and heritage of generations of honest workmen, and that the present resources of the location, the fertility of the soil, the timber, the beauty of the scenery, and other natural advantages, are to be carefully preserved, and, if possible, increased. To accomplish this, it is hereby declared that not less than one-fourth of the land should be kept covered with timber; that in the use of timber for fuel, buildings or manufactures, sufficient care should be taken to preserve young and thrifty groves of trees, and that valuable and ornamental trees should be planted wherever there is room for them. It is also understood that any wholesale or unnecessary destruction of fish or game is to be discouraged.

"4th. The government of the company shall be purely coöperative, that is to say every member shall be entitled to one vote and one only. A board of managers shall be chosen yearly by the resident members in good standing, to whom all the affairs of the company shall be entrusted; provided, however, that the first board of managers shall be chosen by or with the consent of said first party [the Land Association].

"5th. The division of profits shall be on the coöperative principle, that a salary shall be given to each member and worker varying according to the time devoted to the duties of his position, the skill displayed, and the difficulty and importance of the work, and that net profits or losses are to be divided to each in proportion to his salary.

"6th. Village lots of one-half an acre or less may be bought and held in fee simple, by members, or by resident citizens acceptable to the company—provided that no stables or other buildings to hold horses, cattle, sheep, hogs or fowls shall be erected on any such lots; that no manufactories shall be built thereon, and no places for the sale of intoxicating drinks shall be tolerated; it being considered expedient and necessary to provide as far as possible against danger from fire, and to forbid, absolutely, everything that may lessen the beauty or healthfulness of the village.

"7th. A full and accurate account of receipts from the sales of village lots, timber, lumber, fish, crops, manufactured articles, and other sources of income, shall be kept by the said party of the second part, and reports made to the Board of Managers of said first party from time to time as may seem expedient or necessary to the Board of Managers of the Coöperative Land Association, and also in the same manner a full and accurate account of all expenditures.

"8th. The resources of said Pioneer Coöperative Company, party of the second part, shall be applied (1) To the support of resident members and hired workers; (2) to the payment of floating debts incurred with the consent of the party of the first part, and (3) to the formation of a sinking fund to meet maturing obligations. Receipts beyond this are to be divided as specified in the fifth section of this agreement.

"9th. All differences on questions at issue between the two parties to this contract not settled by mutual agreement, shall be referred to a board of arbitration, whose decision shall be based on principles of equity, and shall be final.

"10th. The Board of Managers of the aforesaid Coöperative Land Association shall have full power to adjudge and settle, without appeal, all questions that may be brought before it by the members or Board of Managers of the aforesaid Pioneer Coöperative Company.

"11th. Any agreement or regulation made by the second party to this contract, with reference to the wages of its members, shall be subject to the approval or disapproval of the Board of Managers of the Coöperative Land Association, so long as there are any debts due from said second party under this agreement. But should default be made in the payment of said several sums of money, or any or either of them, or any part thereof, or of any of the covenants herein to be by said party of the second part kept or performed, then this agreement to be void at the election of said party of the first part; and in case of default by said party of the second part, in whole or in part, in any or either of the covenants of the agreement to be by it kept and performed, it hereby agrees, upon demand of said party of the first part, quietly and peaceably to surrender possession of said premises, and every part thereof, it being understood that until such default said party of the second part is to have possession of said premises."

The colony began in April, 1886, with seventeen men, women and children from Minneapolis, of whom seven were men of legal age, and members of the Pioneer Coöperative Company. Two of the men were coopers and had for a time been connected with a coöperative shop. All had been unfortunate in the city, and not one of the families could have gone to the country on its own resources. Collectively, it would have been scarcely possible for the company to have made a beginning without the backing of the Land Association. But all had at one time or another some experience of farm life, and the colony was certain to be self-sufficient if once fairly begun. Two or three small houses of pioneer construction in the neighborhood were available for temporary shelter. Fish and wild berries were abundant. A small crop of corn, potatoes, beans and other vegetables was planted and has been harvested. Several gentlemen in Minneapolis advanced money to aid in the purchase of horses, implements and other absolutely necessary parts of a farming outfit. Progress must, however, be slow for a year or two from the lack of capital that is felt at every step.

Fortunately, the enterprise was not undertaken with any false expectations, and all who are concerned with it are entirely satisfied. The land is ample in extent, admirable in quality and situation, and held by secure tenure. More can readily be obtained when the colony can use more. The health and simple enjoyments of country life are preferred by the colonists to the conveniences which even the poorest people enjoy to some extent in the city. Food and shelter are assured. There is plenty of work to do, but no necessity of over-work. There is happy immunity from the isolation and solitude that are the most objectionable features of ordinary farm life on the western frontier. Thus, even in the rough pioneer stages of the experiment, the members regard their lot as a decided improvement upon that which they left behind them. They would say unhesitatingly that they had changed adversity for prosperity.

This attempt at coöperation is not in the hands of men who misapprehend the nature of the problems of organization and management they will have to solve. They have not attempted to solve them all in advance, but will leave some of them until circumstances give them practical importance. Coöperation does not meddle with the institution of private property. It is not a religion and requires no renunciations. It does not in the least interfere with the distinctness and privacy of family life. It is simply a matter of business advantage and social convenience. Agricultural coöperation is not essentially different from coöperation in barrel-making. In Minneapolis there are men who are earning their living in a coöperative cooper shop, paying for their home through a coöperative building and loan association, buying their groceries at a coöperative store, and having their washing done in a coöperative laundry. Some of them perchance enjoy the advantages of membership in a coöperative neighborhood improvement association, obtain books and magazines from a coöperative reading club or library association, and so on. Many of them belong to societies and orders which have as their most practical feature a system of coöperative life and accident insurance. If these and other coöperative enterprises were centralised under one general management, it would make no practical difference to the man who belongs to them all, apart from the fact that it would probably minister to his convenience. In the coöperative farming village each member would acquire his house and lot through the instrumentality of the company, and would make his living by working at stated wages in the productive enterprises of the company. He would receive a share of dividends from the surplus earnings of the company as in the cooper-shops. He would buy his goods at the company's store and receive his share of the profits on the basis of the amount purchased, as in coöperative stores elsewhere. He would have all the liberty he could possibly have outside the coöperative system, and much more independence than any mere wage-worker. He could withdraw at any time with the amount of capital which had accrued to his credit in the company. It seems necessary to say these things because the idea of a coöperative agricultural colony so readily suggests communistic societies like the Shakers, the Icarians or the German inspirationists of Amana. Communism and coöperation are antipodal in principle. Communism denies the right of private property. Coöperation proposes to enable the destitute to acquire private property. Communism usually asserts control over family relations and it sacrifices personal liberty. Coöperation adds to the liberty of the individual, because it enables him to "pay the price of his industrial freedom;" and as I have shown in the case of the coopers, it supplies the conditions that are most favorable to the family institution.

From the standpoint of production the communistic farming communities are of course coöperative; and in so far their experience has bearing upon the undertaking herein described. They have demonstrated the economic advantage of coöperative production in agriculture. Proficiency in specialties is developed. Small fruits, bee-keeping, dairying, and all the branches of that diversified husbandry which is admittedly the most profitable, flourish at their best on a Shaker farm; and my own somewhat careful observation of several communistic agricultural societies has convinced me that their economic success has been due to a coöperative organization of industry that is both logically and practically separable from their communistic theory and practice of distribution. The self-sufficiency and economic independence such a community acquires is remarkable. Various lines of domestic manufacture are easily developed. In the winter months the ploughmen and teamsters are transformed into blacksmiths, wheelwrights, carpenters, broom-makers, etc. The women and children prepare the packages of garden and flower seeds for the spring trade. The superior system and economy of the productive side of life in one of these agricultural societies is unqualifiedly admirable. And yet, it is simply coöperation, and would be entirely possible were the communism absolutely eliminated. And this success has not been due to marked superiority in the leadership or in the average membership of these communities, but to the fact that coöperation in agriculture is comparatively easy.

Professor J. B. Clark, in his notable volume "The Philosophy of Wealth" says: "Complete coöperation has succeeded on the largest scale in agriculture. The economic motive for this mode of living is less urgent in this department of industry than in others. Agriculture is not yet centralized, as are manufactures, and the relations of the classes engaged in it are not strained to a dangerous extent." This is true; yet it should be said that coöperative farming is not expected primarily to appeal to the classes already engaged in agriculture. Mr. Rankin suggests it as a means by which those who are not farmers, and who cannot hope to become farmers through their own separate efforts, may acquire industrial security and freedom, and a healthful, advantageous environment, as tillers of the soil. Wise advocates of such a system would have no desire to strain its applicability. If it succeeds in the Mille Lacs region or anywhere else, the success must be due to the fact that the system is clearly profitable in the hard, worldly sense. Farmers already well established on their own land do not belong to the classes who have fundamental industrial problems to solve. And yet, from my own observation I am ready to affirm that in many cases if half a dozen or more frontier farmers would consolidate their holdings, sell half the land and pay off all mortgages, place their homes in a village group, organize as a coöperative company, and farm their acres with centralized facilities, they would find the experiment highly profitable financially, and at the same time most beneficial morally and socially. I am informed that the families occupying homesteads in the vicinity of the colony at Bay Lake are quick to see the advantage of the coöperative system and that some have already offered themselves as members and their "claims" as additions to the colony's domain. In becoming members, they would, of course, either sell their land at an agreed price or take stock in the company to the amount of its value. I do not understand that all members are required to be equal stockholders; but inasmuch as profits are not to be apportioned on the basis of stock and since each member has an equal vote, the tendency must naturally be towards practical equality of investments. It must be remembered that coöperation does not antagonize any other industrial system, and that a coöperative farming colony which should receive unsuccessful workingmen from the city, train them in agriculture, accumulate for them a little competence, and "graduate" them to make farms of their own on the public land, would in each individual case have vindicated the advantage of coöperation. The internal economy of such a colony would not be seriously disturbed by a very considerable change from year to year in the *personnel* of its membership. In our country every neighborhood and every industrial and social group is undergoing constant loss and renewal in this way, and generally without serious impairment of its character or resources.

The *a priori* objection most commonly raised to such enterprises has to do with the difficulty of maintaining agreement and harmony. As Mr. Rankin wisely says, the only essential kind of agreement is the agreement to disagree. There must be perfect liberty of speech and of opinion, and the will of the majority must prevail. A young cooper remarked to me one day that "there are a heap of things to put up with in coöperation." But, for all that, he regarded the difference between the lot of a coöperative cooper and that of a journeyman cooper as tantamount to the difference between industrial freedom and industrial slavery. Coöperation is simply democracy applied to industrial organization. Democracy in political society is a system which always obliges some people to "put up with" things they do not prefer. But it does not follow that a czar would be welcome. Those who find more unpleasant things to put up with in a coöperative organization than outside of it, have ready means of escape. I believe that the history of coöperative undertakings shows that governmental difficulties are not so great as people generally anticipate. The principle of arbitration is accepted by all coöperators, and the necessity of acquiescence in the will of a majority, or in the dictum of a board of management or arbitration, is the first lesson to be learned.

I have written thus generally because, as already said, it is the potentialities rather than the present details of this coöperative enterprise that merit discussion at this stage.

The Pioneer Colony meets with fewer obstacles than it expected. It proposes to advance "without haste, without rest" making sure of each new step. No effort will be required to induce people to cast in their lot with the colony. The most prosperous of our cities contain hundreds, if not thousands, of worthy people who would be eager to go to the country under such arrangements as would assure them of a home and the plain but wholesome comforts of farm life, in exchange for their honest labor. As rapidly as circumstances will allow, the Pioneer Colony will diversify its industry and increase its membership. It has, however, put forth no glowing prospectuses, has made the world no promises, and has nothing for which to apologise in the meagerness of its beginnings. From the standpoint of those engaged in it, success has already been achieved; for it has greatly improved the material situation of all of them, and there is bright prospect that the improvement will continue. No sort of failure is easily conceivable that would leave them, all things considered, as badly off as they were before. The Minneapolis workingmen who constitute the Land Association are secured by their mortgage and can lose nothing. They will be repaid, with interest on their money. Sums advanced by several gentlemen of means have been of very timely service; but they have been incidental and not essential. This has been and is strictly an enterprise of poor men for the benefit of poor men; and whether its future success should be little or great, it will be due to the spirit of self-help among its own members and beneficiaries, and to the systematic aid and support of the Knights of Labor and workingmen of Minneapolis.

CHAPTER III.

COÖPERATIVE PROFIT-SHARING IN THE PILLSBURY MILLS.

In my account of the organization of the first coöperative cooper shop in the fall of 1874, I have explained that Mr. Charles A. Pillsbury, the head of the now famous Pillsbury milling firm, made the coöperative movement possible by agreeing to take the product of the shop for the supply of one of his mills. The Pillsbury mills principally use coöperative barrels, and the firm has always been held in high esteem by the coopers. The firm of Charles A. Pillsbury & Co., who have for some years enjoyed the distinction of being the largest flour manufacturers in the world, consists of Hon. Charles A. Pillsbury, Ex-Mayor George A. Pillsbury, Ex-Governor John S. Pillsbury, and Mr. Fred. C. Pillsbury. The second is the father, the third an uncle, and the fourth a brother of the head of the firm. No employers were ever more highly regarded by the men in their service than the Pillsburys have always been, and there has never been a disagreement of any character. The house has prospered, and its employés have prospered with it. Mr. Charles A. Pillsbury has always been a student of the labor problem both in theory and practice, and his sympathies have been with the men who work. Yet he has never sought to pose as a philanthropist. His business sagacity has been broad enough to perceive that in order to attain the largest success in his line of manufacture, the most considerate and liberal treatment of employés was the soundest economy.

At the end of the milling year, September 1, 1882, Mr. Pillsbury determined to attempt experimentally a plan of profit-sharing which had for some time been taking form in his mind. A selected list of men in the different mills was made out, and each received a personal letter, of one of which the following is a copy:

"*Dear Sir:* We have decided to give this year, as an experiment, to some of the leading men in our different mills, a portion of the net profits of the mill after we have credited ourselves with the interest on the capital invested.

"We do this in the hope that every one of the men having a share in this division will do his utmost in every possible way to effect a saving in the business, and that those who are not included this year will also be stimulated to do good work, because if the experiment is a success we shall be inclined to increase the number hereafter. We believe also, that while we shall be doing considerably better by our men, we shall lose little or nothing ourselves. None of you have any idea how much can be saved in running a flour mill if each man will do his best towards saving. The scheme is an experiment for this one year. Its continuance will depend upon whether we think it will pay us this year. We trust that every man included in this number will feel it his special duty to see that every other man does his work well; and, in fact, to see that everything is done in the best possible manner and with the least possible expense.

"This apportionment will be made only to the men who stay with us during the year, and is subject to the provision that every man included in the arrangement shall perform his work and conduct himself in a manner entirely satisfactory to us.

"We prefer that this matter be kept quiet.

"Hoping to receive your hearty coöperation in the plan,

"We remain,
"Very truly yours,
"CHARLES A. PILLSBURY & CO."

The proposition was entirely voluntary on the part of the firm, and was made to men who were already well content and better remunerated than men doing the same work in other milling cities. It was, of course, received with much satisfaction by those so fortunate as to be included in the scheme. From four to five hundred men are on the pay-rolls of the three Pillsbury mills, and about twenty-five per cent. of them participated in the profits of the first year. The list included, first, all men having positions of responsibility in the offices as well as in the mills—nearly every man whose labor could fairly be called skilled or upon whose fidelity much depended, being in the number; and, second, there were included all employés, however menial their work, who had been in the service of the firm continuously for five years. Having had no intimation as to the proportion in which the net profits were to be divided, the men could not of course well conjecture the amount they would receive at the end of the year. They could not reasonably have expected large sums in addition to their wages. Their surprise and pleasure may therefore be imagined when they received checks for sums averaging about $400. The amount of profits distributed to employés at the end of the first year, in September, 1883, was in excess of $40,000, and the profit-sharers were about one hundred men. The distribution was upon the basis of salary, and each man received a sum equal to about one-third of his total wages for the year. A bit of arithmetic will show, therefore, that the average income of the participants was increased from about $1,200 to about $1,600. The experiment produced results satisfactory to the firm as well as to the men, and the profit-sharing system was adopted as a fixed policy. The proportion of profit-sharers was made somewhat larger the next year, and there was, of course, an increase in the number of five-year men. In September, 1884, about the same aggregate amount was again distributed. In September, 1885, the profit-sharers were about one-third of the total force of employés, and the sum distributed was again approximately $40,000. In the three years $125,000 was apportioned in this way, and the general ratio of profits to wages was maintained at about one dollar to three dollars. The profit-sharing employés had in round figures received $500,000 instead of $375,000 by virtue of the arrangement. In September, 1886, each man received a circular letter from the firm, of which the *following* is a copy:

"We regret to inform you that we will be unable to make a division of profits to any of our employés for the past business year. The simple reason is that we have no profits to divide. We have failed to receive any returns for the capital invested, or for our hard work and anxiety. We are somewhat recompensed, however, in the reflection that most of our men have had steady work, and that we have been able to pay you your wages promptly and without any reductions, thereby enabling you not only to provide well for yourself and family, but to lay by something 'against a rainy day.'

"Now what of the future? We hope, with the aid of the strong arms and enlightened brains of our fellow-workmen, to not only receive a fair recompense for our own work and capital, but to have something left over to divide among our men, and we hope to make that division more general than ever before. In order to do this we are justified in asking of you to increase your efforts in our behalf if possible; that you, in addition to doing honest work yourself, will insist upon its being done by others who, perhaps, have not as honest intentions as yourself? Especially do we ask of you to see that the strictest economy is practiced in every direction, and that nothing is allowed to be wasted or misappropriated. We ask of you, also, to take no chances of accidents of any kind; that you immediately notify the proper parties of anything needing repairs, or of any dangerous place or machinery which can be improved. We ask no one to take any chances of loss of life or limb, beyond what are absolutely inseparable from the nature of our business and machinery. Any suggestions from any of our men as to additional precautions against accidents will be thankfully received and fully appreciated by any member of our firm. We also ask you to especially take every possible precaution against fire. It is the enemy most to be feared by both you and ourselves. In these dull times of milling, a fire would permanently deprive you of a job with us, and also entail a great loss on ourselves. Let us ask you to be on the constant lookout for any possible danger from this source. Suggestions in this direction will be greatly appreciated by us. We are very proud of the past, that we have never yet made a reduction in wages. We cannot now afford to pay you the wages we could a few years since. Cannot you, with your increased experience and with additional diligence to our interests, make your services more valuable to us than ever before, and thus restore the equilibrium? If at any time you feel that injustice has been done you, do not be afraid to come to our office and state your complaints. Coöperative sharing-profit is on trial at our mills. Many all over the world are watching the results. Fellow-workmen, try and realize how much depends on your integrity and faithfulness. With the coöperation of every one of our employés, we hope for better results than ever before attained in our business; without it, we see nothing promising for you or ourselves."

This frank communication was received in the best possible spirit by the men, who would have been both ungrateful and foolish to have questioned its sincerity or to have been dissatisfied with its explanations. The out-put of the Pillsbury mills for the year ending September 1st, was about 2,000,000 barrels of flour—the largest in their history and more than one-third of the total Minneapolis product. But the milling of the crop of 1885 was unprofitable. The millers bought wheat early in the season at high prices and in very large quantities. The market declined steadily thereafter, and the price of flour was reduced even below the normal ratio with wheat. Half of the Pillsbury flour goes to Europe, and new competition abroad is curtailing the profits on the American export. In keeping the mills grinding, and in maintaining the full wages of more prosperous years, the Pillsbury firm had done what entitled them to the highest regard and best service of their men.

Mr. Pillsbury is under no obligation to continue the plan of profit-sharing, but he assures me that he has no thought of abandoning it. He proposes so to enlarge the basis as to admit more than half the employés. Obviously, under such a system, the number of beneficiaries would in any case grow larger each year merely by operation of the five-year rule; and it is easy to believe that three or four years hence the great majority of the men will be profit-sharers. Mr. Pillsbury is emphatic in saying that he regards the system as advantageous to the firm. In few industries do intelligence, stability, skill, zealous interest and absolute fidelity on the part of the entire corps of employés count for as much as in milling. Bad results caused by negligence are hard to trace to the culpable individual. The habitual attention to one's own work and to the work of one's fellows that is developed by a personal interest in the business is a great advantage in the modern manufacture of flour.

By infinite pains and great enterprise "Pillsbury's Best" has been made the standard flour of the world, and the maintenance of its enviable reputation depends much upon the workmen in the mills. A more permanent body of men cannot be found anywhere. No man is ever capriciously discharged, and none ever leave voluntarily except to take a higher position elsewhere. The Pillsburys operate three mills—one having a daily capacity of 7,000 barrels (the greatest in the world), and the other two having a maximum capacity of 2,000 and 1,500 barrels respectively. They require, therefore, only three head-millers. But their mills are the great school in which men are trained to the mastery of the methods of modern milling, and a large proportion of the leading head-millers of the country have been graduated by the Pillsburys. Mr. Pillsbury says that from fifty to seventy-five head-millers in important mills elsewhere have been selected from among his men. The fact illustrates the superior character of his employés as a class; and the advantage of the profit-sharing system in keeping such a body of men together is obvious.

For proper business reasons Mr. Pillsbury has never made public and has never communicated to his men the proportions in which the net profit is divided between the firm and the employés. As in all profit-sharing arrangements, interest upon the capital invested is first deducted. Under the circumstances, no bargain or agreement with the men is either necessary or desirable, as might have been the case had the system been adopted as a compromise at a time of disagreement about compensation. The Pillsbury system could not possibly be otherwise than satisfactory to the men, who receive, irrespective of their profits, the highest wages paid anywhere for work of their kind.

From the employers' standpoint I have Mr. Pillsbury's assurance that the system pays. I need not say to students of the labor question that this assurance is the most important thing I have to communicate on this subject. If Mr. Pillsbury from his abundance and his generosity maintained this system at some willingly made sacrifice—a thing of which he is perfectly capable—it would be extremely creditable to him individually and exceedingly fortunate for his employés individually; but it would not help to solve the labor question at large. Unless experiments in coöperative profit-sharing prove advantageous enough to recommend the system to employers *for* business reasons, the system must be counted a disappointment and a failure. Few employers are in position to do business on any system that handicaps them in the fierce struggle of competition. Milling for the markets of the world is a business in which competition is keen and margins are very close. It is worth while to have the testimony of the most successful merchant miller of this or any country, that coöperative profit-sharing is a satisfactory and advantageous system.

Mr. Pillsbury would not have it understood that the system is wholly free from incidental annoyances and disadvantages. Improved pay, unexpected prosperity, and the sense of secure tenure in a fortunate position sometimes spoil a workman, and he grows negligent and inefficient. Mr. Pillsbury has been obliged to discharge a few such men. But they are exceptional. The profit-sharing system does, on the average, secure better service. Mr. Pillsbury also finds a disposition, chiefly outside his own men, to pass exacting criticisms upon a firm who have the reputation of being model employers. The discharge of one of their men excites a vast deal of comment, when no notice would be taken of the matter if some other employer should dismiss a man for precisely the same reasons. It is, however, quite natural that this should be so. The profit-sharing system seems to confer upon men something like a vested interest, with which they are extremely indisposed to part; and to be discharged from a profit-sharing establishment carries with it a peculiar disgrace. Profit-sharing is a step towards the recognition of what Professor Henry C. Adams calls a new kind of incorporeal property—the right of a workingman to his work. The fact may not be perceived, but it is true, nevertheless. No employer who would go so far as to make his men partners in the profits of his business would feel justified in discharging them capriciously or arbitrarily. I can well believe that such employers might readily consent to submit the discharge of certain classes of their men to the approval of a board of arbitration. Without further elaboration of the matter, it is clear that the profit-sharing system gives men a firmer hold upon their places, and that this fact at times subjects the employers to annoyance and captious criticism. But it is to be remembered that these inconveniences are merely incidental to those very features of the system from which its great advantages arise.

CHAPTER IV.

THE MINNEAPOLIS COÖPERATIVE MERCANTILE COMPANY.

Most of our American cities have witnessed one or more short-lived and inglorious attempts at mercantile coöperation, and Minneapolis is not an exception. What is commonly called "distributive coöperation" requires the most humdrum patience and conservatism at the outset. Attempts to achieve rapid and brilliant results are almost invariably disastrous. Under the stimulus of the Granger movement, a number of coöperative stores were organized in Minnesota in accordance with provisions of a statute enacted in 1870, providing for the charter of coöperative associations. Their course was speedily run. One was established in Minneapolis as late as perhaps 1879 or 1880; but its shareholders lost their small investments. They had not acquired the habit and spirit of coöperators.

The coöperative coopers, having found that they could make productive coöperation a success, have long believed that they might easily overcome the comparatively small difficulties involved in the management of a retail store. At length, in the summer of 1885, they determined to begin. They were fortunate in undertaking the enterprise with no vague notions or false expectations. They did not open their store until they were thoroughly prepared. There was nothing groping or experimental about it. It was simply a sober business undertaking by men in humble circumstances, who saw in it sufficient mutual benefit to make the thing worth while, who were familiar with the history and methods of distributive coöperation elsewhere, and who knew exactly how to proceed. The incorporation was effected September 15th, 1885, the articles being signed by eight members of the three or four larger coöperative cooper shops. The company began business with seventy-five members, all or nearly all being coopers. A neat little brick building, then in process of erection on a corner in the vicinity of the cooper shops, was rented at thirty dollars a month, and the store opened its doors for trade on the 9th of December. It was originally required that each member should make an initial investment of ten dollars for one paid-up share of capital stock; but this was afterwards modified in view of the hard times and the desirability of larger membership. A cash capital of $700 was secured to begin with. Every member was required to subscribe for three shares and allowed to take five. The initial payment was reduced to $1.25. Weekly assessments of twenty-five cents were levied and credited as payments on the shares. The company began with the ordinary stock of a small grocery store, although its articles of incorporation provide for the inauguration of mercantile enterprises on a large and varied scale, and for the establishment of a "self-supporting home colony," wherein "may be exemplified, in a practical way, the coöperative idea of protection, distribution, education and government."

The *modus operandi* does not differ essentially from that of successful coöperative stores elsewhere. The institution is in the hands of an annually elected board of managers, consisting of a president, a secretary, a treasurer, and six directors. Quarterly meetings of the stockholders are held, at which reports are heard and distribution of profits made, thus necessitating a quarterly inventory of stock. From the gross profits are first deducted all expenses of management, including rent, salaries of storekeeper and clerks, etc. Allowance is then made at the rate of ten per cent. per annum for deterioration of stock. Next, interest is allowed at the rate of six per cent. per annum on the paid-up shares of capital stock. The net surplus is divided among the members of the company *in proportion to the amount of their purchases at the store during the quarter.*

It is left for the quarterly meeting to determine whether any profits shall be allowed to outside patrons, and it is also left to the discretin of the meeting to carry a portion of the profits to a reserve fund. The English societies are accustomed to return to non-members a definite proportion of the net profits accruing from their purchases, and also in some cases to allow employés a small percentage in addition to their salaries as a stimulus to active and interested service. It remains for the Minneapolis association to make these provisions when circumstances indicate their desirability.

Membership has increased to one hundred and twenty-five. The paid-up capital amounts (October, 1886) to about $1,500. The business is hampered by the smallness of its working capital. Owing to the very low wages earned in the cooper shops, the managers of the store have not rigidly enforced the payment of the weekly assessments. They have preferred to keep the members and their trade. Sooner or later each member will have managed to pay for his three shares. That the store is satisfactorily managed may be inferred from the fact that about half its patronage now comes from non-members. Gross sales for the first quarter amounted to about $3,000, and after paying all expenses, including interest on the paid-up shares and making the required allowance for deterioration of goods, there remained a net profit of about fifty dollars. The second quarter, ending in July, showed sales of about $4,000 and a net profit of about $140. For the third quarter, ending in October, I was assured that the sales would amount to $6,000 and the surplus profits to a sum between $200 and $300.

The members have not only (1) bought their goods as advantageously as they could have done at any other store, and (2) received interest on their small investment of capital, but (3) a moment's calculation shows that they have received back seven per cent. on all their purchases of groceries, allowing for the fact that non-members have done half the buying and have received none of the profits. This is a most satisfactory showing. Comparing net profits with capital invested, it will be seen that the store is clearing not less than fifty or sixty per cent. a year. Mr. S. R. Jensen, who is in charge of the business, has had ten years' experience as a coöperator in the "Sixth Street" and Hennepin County barrel companies, and is admirably qualified for his present position. He serves the association for sixty dollars a month, and is assisted by two clerks at twelve dollars and seven dollars respectively per week. The two delivery wagons are run without extra help. It would be hard to find another store managed so well on so economical a basis. Sales are made strictly for cash, and the company obtains cash discounts in its purchases from jobbers. The safest business principles rule everywhere. Mr. Jensen gives security in $3,000 bonds, and the Treasurer, who is a prominent member of the Sixth Street cooper shop, is also under bonds. The company has secured the agency for Minneapolis of the goods of the Coöperative Tobacco Company of Raleigh, N. C., and of the Railroad Tobacco Company of Covington, Ky., which is also on a coöperative basis.

It employs a man who sells these goods on commission, and it makes a moderate profit. It has been desired by the company to undertake the coal business, but satisfactory arrangements are not easy to make. It may be reasonably expected that the operations of the Minneapolis Coöperative Mercantile Company will steadily increase in volume and variety. The last inventory showed a stock worth $2,000 and fixtures worth $700. This day of small things is not to be despised. A good foundation is being laid for enterprises that will be described with more imposing arrays of figures. On the strength of the success thus far achieved, it is proposed to wage a propaganda for new members. It ought to be possible to quadruple the membership and increase the volume of business six-fold during the year 1887. The benefits of membership will be much greater, of course, when the establishment has added new departments and is prepared to supply all ordinary family purchases. There is no reason why this Minneapolis store should not prove as successful as those in England.

CHAPTER V.

A COÖPERATIVE LAUNDRY.

The description of an enterprise which is still in the tentative, experimental stage, is not a satisfactory task. Between the thing as preconceived and the meagre reality there is usually a painful contrast. From the complacent standpoint of achieved success it is rather pleasant than otherwise to look back upon feeble and forlorn beginnings. But it is only as reminiscences that such beginnings are attractive. I could wish, for literary purposes, that the Coöperative Laundry Company of Minneapolis were either older or younger—either a plausible and attractive plan or else a complete and admitted success. It is in fact engaged in a struggle for existence. If it lives a year longer it will probably have survived its worst vicissitudes. This movement, like that of the Coöperative Mercantile Company, is a direct outgrowth of coöperation among the coopers, and owed its beginning to the encouragement of the Knights of Labor, who in Minneapolis are warm advocates of coöperation. The company was organized about the 1st of March, 1886, and it adopted the by-laws of the cooper shops in so far as they could be made applicable. It chose for its central office and work-rooms a place in the vicinity of the larger cooper shops. The membership was twelve, of whom seven were working women and five were men. Shares of stock, to be paid for in small installments, were in ten-dollar amounts. Very little capital was necessary for a beginning. Members were of two classes, the working and non-working. Workers were to be paid wages, and all members were to share in a *pro rata* division of net profits, provided the non-working members should hold one more paid-up share than the workers.

Mr. Joseph Wiltbank, a coöperative cooper, who was first made secretary and treasurer, was afterwards made manager and is now, by a somewhat informal arrangement, also the acting president. He is paid a salary equal to about the average wages he could earn at his berth in the cooper shop. The other working members are the women. The wages of the washerwomen are one dollar a day, and of the ironers one dollar and twenty-five cents. They work ten hours, with a part holiday on Saturday.

At first the laundry did not do satisfactory work, and that fact has been of serious disadvantage. Under Wiltbank's administration there is no longer any complaint on the score of the quality of the laundrying, and the amount of business seems to be increasing. The price list is the same as that of other laundries in the city. About a dozen branch offices exist in different parts of the city, and they are allowed fifteen per cent. for their services as agents. More than half the patronage of the establishment comes from the coopers—chiefly from the unmarried men, the others generally maintaining the old-fashioned home institution of washing-day. As yet there have been no dividends. Three shares of stock have been issued, of which two are paid up, and the working capital is somewhat in excess of $200. The patrons see no particular advantage in becoming shareholders as yet. The large steam laundries of the city are able to do work at a smaller expense than the coöperative, with its primitive methods, and it cannot expect to earn dividends to any considerable amount until it is equipped with modern machinery. Such equipment will cost about $750, and the coöperative is determined to secure it next spring. An effort will then be made to increase the number of members, and the persons acting as agents in the branch offices will be required to become shareholders.

Coöperation seems to be particularly applicable to the business of laundrying; and if this Minneapolis enterprise perseveres until its proper equipment shall have been secured, it ought, without further difficulty, to become a permanent success. The delivery wagon and branch office system render the locality of a laundry wholly immaterial to its regular patrons, and a moderate degree of enthusiasm and push would secure many shareholders among people whose laundry bills are much larger than those of the coopers or other workingmen. The coöperative system in this industry would, I believe, secure superior results. The proprietary interest of all the workers would conduce to permanence, to the acquisition of skill, and to the constant care, without which there cannot be that promptness and uniform excellence of service upon which the reputation of a laundry is built up. I am inclined to believe, also, that a coöperative laundry can be run at considerably less actual expense than one non-coöperative, and can thus have the advantage in competition. Obviously this business can be conducted upon a plan uniting the advantages of productive and distributive coöperation. On the one side it appeals to share-holding patrons as a mutual benefit enterprise, and upon the other side it appeals to the workers as affording them a most advantageous form of productive organization. There are large profits in a well-conducted laundry, and those profits ought to be shared among workers and patrons. I know of no business in which, from the nature of things, coöperation seems more feasible and more likely to succeed well, than in the operation of a large laundry.

CHAPTER VI.

THE DUNDAS COOPERS.

The typical journeyman cooper is a nomad. He has worked on flour barrels in Rochester and on whiskey barrels in Louisville. If he is not so great a traveller as the journeyman printer, it is only because his earnings are smaller and he must therefore do more tramping and less riding. Why he has not carried away and scattered enough of the seed of Minneapolis coöperation to germinate in other communities of coopers, I am at a loss to say. I have information of only one coöperative shop outside of Minneapolis, although to my knowledge there has been some agitation of the matter elsewhere in the state.[1] The Dundas Cooper Shop Company, of Dundas, Rice county, Minnesota, has the honor of being older than any but one of the present Minneapolis shops. It was organised on the 1st of January, 1876—less than two months after the Coöperative Barrel Company began operations in Minneapolis.

The organization of the Dundas shop was the same in most essential respects, as that of the Minneapolis shops. There were thirteen original members. The number is now reduced to eleven and fixed at that limit. The capital invested is small, because a large amount is not required to carry on the business of a small shop in a village of less than a thousand inhabitants. The price of the barrels which the Dundas coopers sell to the merchant millers whom they supply, is regulated by the Minneapolis quotations; and consequently they have felt the pressure of hard times in the past two years. But, for nine or ten years the shop not only earned good wages, but made profits every year, which were divided, as in the Minneapolis shops, in proportion to the amount of work done. How large those profits were I am not informed; but either prosperity, or some other cause, has made membership remarkably stable. There have been only four withdrawals and two admissions since the shop was organized; so that nine of the present eleven members were among the original thirteen. All the members are married men, and all own homes. Three are at present carrying on other lines of business, retaining their interest in the shop and their right to resume work, but foregoing all profits, of course, while not earning the wages upon the basis of which profits are divided.

---

[1] This was written in the fall of 1886, since which time coopers in various places have undertaken coöperative organizations.

A membership interest can be transferred only to the company. The shop usually employs journeymen in varying numbers, according to the demand of the mill it supplies. Sometimes none are needed, and sometimes fifteen or twenty are given work. The average is about half a dozen.

The organization of the shop is simple but effective. The presidency is merely a nominal office, the foreman being the general manager and business representative of the shop, subject to a board of directors.

The secretary keeps a set of books and issues all orders for money, which are countersigned by the foreman. The latter also keeps accounts which are a check upon those of the secretary. These two officers are required to furnish each month a statement of the month's work, of profits or loss, and of the condition of the business. The foreman receives a fixed compensation of fourteen dollars per week, and is frequently kept in the office for several successive years. The adjustments of profits or loss are annual, on the first of April, instead of semi-annual, as in the Minneapolis shops. The general effects, morally and socially, of coöperation at Dundas are, I believe, regarded as very excellent. The members of the shop, it should be said, are all Americans excepting two, a Scandinavian and an Irishman. The first foreman was A. Hedreen, and the present one is L. L. Babcock. O. F. Wilson is president and A. Moynihan secretary. The annual product of the shop is about fifty thousand barrels.

CHAPTER VII.

COÖPERATION AMONG THE PAINTERS.

For some years the house-painters and decorators of Minneapolis have been interested in coöperation, and have talked more or less seriously of undertaking it. A Painters' Union, organized in perhaps 1883, gave opportunity for discussion of the matter, and it was particularly favored at that time by Mr. J. U. Woolsey, whose efforts to inaugurate a coöperative shop seemed at one time about to be crowned with success. But there was disagreement about details of organization, and the plan fell through. Mr. Woolsey, who was in his earlier years a journeyman painter, but has long been the proprietor of a shop, is an intelligent and earnest advocate of coöperation, and has not ceased to urge its application in his own trade. The formation of a Painters' Assembly of the Knights of Labor in the winter of 1885–6, and the unusual degree of interest shown by the Minneapolis Knights as a whole on the subject of coöperation, gave a fresh impulse. Again Mr. Woolsey's ideas seemed about to have practical effect. He desired to organize a coöperative shop with twelve members at the outset. Each member would be expected to subscribe for three twenty-five-dollar shares of stock, one share to be paid up at the beginning and the other two by assessments. Men were to be classified and paid wages varying according to their class. Grainers and sign-painters would be allowed, for instance, three dollars a day, and regular house-painters would be divided into a first and a second class, their wages being two dollars and a half and two dollars respectively. They would be expected to classify themselves, subject to the readjustment of a board of arbitration. Profits would be divided per capita and not on the basis of wages. Mr. Woolsey believes that in coöperative enterprises where proficiency and skill are duly recognised in the scale of wages, there should be no further emphasis of differences of wages, and that all members should fare equally in the distribution of profits as in the holding of stock and in the government of the association. The point is an interesting one and admits of discussion; but I am inclined to agree with Mr. Woolsey. In the cooper shops each man receives the same pay for making a barrel. Profits may advantageously be treated as increasing the piece-price wages, and each man would properly receive in proportion to the number of barrels he has made. But no such plan is possible where men are paid by the day; and the simple per capita method of dividing profits might well prove most satisfactory, at least in such a trade as painting. Not to digress further, Mr. Woolsey's twelve men were found; but before they were ready for action the season was well advanced, they lacked the necessary means, and they feared that the new shop might not be able at once to secure sufficient work. It is not unlikely that the spring of 1887 may find Mr. Woolsey's shop transformed into a coöperative establishment.

But meanwhile another painter, Mr. E. M. E. Pease, had succeeded in establishing a coöperative shop, which was incorporated on the 29th of June, 1886, as the "Painters and Decorators' Coöperative Association of Minneapolis." The active painting season was already well spent, the summer's work was largely contracted for by the other shops, and the new establishment expected no immediately brilliant success. Twenty painters were enrolled as subscribers for stock, with the understanding that half of them would keep their places in other shops as journeymen, not assuming active membership before the opening of the next season, until which time no payments were to be expected from them. The active members took each a fifty-dollar share of stock, upon which they made initial payments of ten dollars, and have since been paying assessments of five dollars.

Large capital is, of course, not essential. The new shop has been fortunate in securing work, and is regarded already as an established success. Thus far it has done general house-painting, all its members working at the same lines of the trade, although it includes men qualified as sign-painters, frescoers and paper-hangers. With the coming season it is proposed to undertake all these special branches of the trade. At present the men allow themselves two dollars and twenty-five cents a day as wages, of which they draw only two dollars, leaving the twenty-five cents to accrue on their capital stock account. The business is in the hands of a board of managers, consisting of the president, treasurer and three directors, who appoint a foreman and a secretary. The foreman has charge of the men and attends to the carrying out of contracts, working himself with the rest. The secretary is the business man of the company. He keeps the books, has charge of contracts, collects bills, canvasses for work, and represents the shop in its outside relations. Mr. Pease, the prime mover in the enterprise, is secretary, Mr. S. G. Comee being president.

The economic advantages of their coöperative organization are already apparent to these painters. They earn average wages, and find themselves accumulating a margin of profit for distribution at the first semi-annual settlement. They find themselves at an advantage in bidding for jobs of work, because, if necessary, they can dispense entirely with profits. Journeymen painters must expect to lose a large amount of time in the course of a year. Perhaps the greatest economic advantage these men find in the coöperative system is the steadiness of employment it secures. Their shop plans carefully to keep its members fully employed; and this signifies a large difference between the year's income of a coöperative and a journeyman painter. Further, the men have the satisfaction of knowing that they are building up a business of their own. They take an unwonted pride in their work. Their personal responsibility incites to the most thorough and honest workmanship. Because they are working for themselves and have the full benefit, they naturally work more expeditiously. These elements of superiority in coöperation give it competitive advantages which must sooner or later prove decisive in its favor.

Mr. Pease, like all practical coöperators, is disposed particularly to emphasize the importance of the moral results of the system. He finds that it produces a state of harmony among the men that is never seen in a non-coöperative shop. Amicable relations are seen to be a practical necessity. The men realize the mutuality of their interests, and the fact induces courteous conduct. The responsibility of doing business for themselves, and the new sense of stability have an excellent effect upon men inclined to be reckless or improvident. The sense of being one's own master and of working for one's own interest is socially and morally elevating. Mr. Pease says that his associates would not be induced to go back to the old system, because they find a larger freedom and manhood in coöperation. One of the men declares that he will never again work as a journeyman so long as he can get one meal a day in coöperation. Fortunately, his three meals a day, the year around, are much more secure under the coöperative system.

There seems no reason to doubt the permanent success and the gradual extension of coöperative organization among the Minneapolis painters and decorators. The beginning has been made; and it is auspicious though humble. I believe that there will be at least four or five coöperative paint shops in the city within two or three years.

CHAPTER VIII.

COÖPERATIVE BUILDING ASSOCIATIONS.[1]

The form of coöperative enterprise that has attained far greater results in the United States than all others combined, is that of the well-known and almost invariably successful "building and loan association."

The remarkable success of these associations in Philadelphia and throughout Pennsylvania has attracted wide attention. It is less generally known, however, that what I may call the Philadelphia plan of coöperative banking has been extensively adopted in western towns and cities. Several of the most flourishing building and loan associations to be found anywhere in the country are established in the neighboring cities of Minneapolis and St. Paul; and they have been instrumental in providing many hundreds of workingmen's families with pleasant homes of their own. The people of Philadelphia enjoy the distinction of being more comfortably housed than those of any other large city in the world, and it is said that in no other city do so many families own the houses in which they live. The agency of the building and loan associations in producing this fortunate state of things has been very great. Among western cities Minneapolis deserves a first rank as a city of homes. The separate, cottage style of house prevails, the city containing comparatively few solid residence blocks. In no other city, not excepting Philadelphia, are the homes of the people so spacious and so attractive architecturally. Visitors to Minneapolis frequently ask where the poor people live. It is not easy for them to realize that the picturesque and roomy cottages with their bay-windows, ornamented gables, and bits of lawn are the homes of workingmen. It is highly interesting to observe the influence of local habit and sentiment upon the external forms of a city's growth. The new-comer soon discovers that it is the ruling ambition of the average Minneapolitan to have a home of his own and as good a one as he can afford. For several years, about three thousand houses have been built annually, a large proportion of them to be occupied at once, or eventually, by the owner himself. The significance and relevancy of these facts will be readily apparent to any student of the social, political and economic problems of the modern city. It is immensely important in the period of a city's early and most rapid development that the proportion of tax-paying, property-holding citizens should be as large as possible, and that the ownership of a home should come to be the custom and the fashion among those who are called and who call themselves workingmen. Not a little of the present remarkable prosperity of Minneapolis is due to the fact that it is a city of homes and property-holders, and in that fact lies perhaps the best assurance the city has for future progress and prosperity. In one way or another these workingmen who own homes have made the purchase with savings from their wages. Very many have bought from real estate dealers on the installment plan or on long time. They have mortgaged a portion of their earnings for years to come for the present enjoyment of a family homestead; and the arrangement is a powerful incentive to sobriety, industry and thrift. By paying what seems to be a rather extravagant monthly rent for a few years, the occupant acquires unencumbered title, the payments cease, and he is comparatively a man of affluence. With the habit of saving firmly fixed, he goes on accumulating substance. Of all the various plans in vogue for acquiring property by small periodic payments from current wages, the building and loan associations provide the best. They enable their members to buy or build at cash prices, in which there is large advantage. The borrower repays the association in monthly payments usually extending through about eight years, and therefore amounting to something like one-half of one per cent. When he has finally squared his account with the association, he finds on careful calculation that he has paid little or no more for the use of the money he borrowed, than the interest rate his wealthy neighbor would have had to pay for a similar amount of money on ampler security.

---

[1] Acknowledgements are due to Mr. O. L. Colburn for assistance in the collection of facts respecting the building and loan associations of Minneapolis and St. Paul.

If he had bought on the monthly payment plan from a real estate dealer the installments would of course have been very much greater than a fair rent for the property. But the association has enabled him to become a proprietor on payments in many cases not exceeding the rental value. Let us assume that a man who has paid eighteen dollars a month as rent, takes twelve shares of stock in a building and loan association. The matured value of a single share will be two hundred dollars, and of the twelve $2,400. The association makes him a loan of $2,400, taking out a premium of, we will say, forty per cent. The man actually receives $1,440, with which he buys the house he lives in (and which might have cost him $2,000 if he had bought on the installment plan). He pays the association six per cent. interest on $1,440, in monthly sums of seven dollars and twenty cents. Meanwhile he is accumulating a sinking fund, as it were, for the extinguishment of the principal; and the debt will reach maturity when this fund, which is earning compound interest and extra profits as energetically as possible, has grown large enough to meet it. He pays into this fund twelve dollars every month in the guise of dues on his twelve shares. In about eight years his shares will have reached the full value of two hundred dollars apiece, $2,400 altogether. His debt was $2,400 and is now cancelled. He has paid in $1,152 on his shares. The association had kept every dollar at interest for his benefit by making monthly loans of all the money in its treasury; and compound interest counts up rapidly. His interest and dues amounted to nineteen dollars and twenty cents a month, or slightly more than the rent he had formerly paid, and at the end of the eight years he is the owner of the property and free from debt. Perhaps most of the readers of this sketch are familiar with the methods and advantages of the special form of savings institution described, yet I may be pardoned for assuming that other readers will desire to know what building and loan associations are, as well as the mere fact of their existence in Minneapolis. The supposed transaction which I have just described is not idealized at all. Any man with a clear head and a fair knowledge of arithmetic can satisfy himself that there are good profits to be derived from the immediate investment of the aggregate periodic savings of a large number of people, when there is practically no expense connected with doing the business and when every depositor gets the full benefit of the earnings. If five hundred persons have subscribed for an average of ten shares each, they constitute an association which has $5,000 of new money to loan every month from dues, besides the interest paid monthly in advance on all outstanding loans. The money goes to the highest bidders on the pledge of a sufficient number of shares, and with satisfactory security on the property in which the money is to be invested. There are always members who wish to withdraw all, or part of their money before their shares reach maturity. A part of the accrued profits will be sacrificed to the association by such withdrawal, and the shares of the remaining members will the sooner reach the accrued value of two hundred dollars, or whatever sum has been fixed for their maturity. The principles of the system are simple and intelligible, while its details are somewhat complex and technical, varying in different associations. With these minor variations and technicalities I need not concern myself particularly here. The associations are fundamentally alike. They enable poor men to borrow money for legitimate investment at ordinary rates of interest and pay it back in easy installments. They are the most profitable kind of savings-bank for those who do not wish to borrow on their shares and can afford to leave their accumulations untouched until the shares mature. It is, I believe, in the future that Minneapolis is to derive the most benefit from this kind of coöperation, but the results already accomplished are not insignificant. Eight associations are in existence, and they merit some description.

The most important is the "Hennepin County Catholic Building and Loan Association," which was incorporated in August, 1874. None but Catholics are eligible to membership, and its chief support has come from the Irish-American element. Among its founders and first officers were a number of young men who have since become prominent in business and politics. Mr. Matt. Walsh, now county treasurer, was its first president. The approved Philadelphia system was adopted in all essential details. The business of the association is done at the regular meeting on the second Saturday evening of each month, when dues of one dollar on each share are required to be paid. The matured share is two hundred dollars, and business is done on the basis of a nine-year period. Eight years was originally fixed, but in 1881 the longer term was adopted, which simply meant that profits did not accumulate quite so rapidly as had been anticipated. A new series of shares is issued and offered to subscribers, old and new, every year. In its earlier years the association did not do a large business; but since 1880 it has developed rapidly and is now the most flourishing in the state. Over sixteen hundred shares were taken of the twelfth series, the last one issued, and for three or four years previous the number averaged perhaps twelve hundred. The total receipts of the association for the year ending July 31st, 1886, were $112,726.47, and its accumulated assets amount to more than half a million dollars. For the current year its receipts will approach $10,000 every month. The first four series have matured, and the fifth, with two hundred and twenty-six shares outstanding, has nearly reached the maximum value of two hundred dollars per share. The rules of the association do not allow the loan or "sale" of money at less than thirty per cent. premium, but the rule is not necessary as bidding is always active and the money is all kept loaned very closely at premiums averaging from forty to forty-five per cent. Interest is charged at the rate of six per cent. on the net sums received by borrowing members. The borrower is given a month in which to provide security satisfactory to the board of managers and to perfect arrangements. If he is building a house, he is permitted to borrow on the property in installments as the progress of the structure warrants. Members who have not borrowed on their shares and wish to withdraw the money they have deposited are not allowed interest for the first twelve months. From the twelfth to the thirty-sixth monthly meeting interest is reckoned at seven per cent. After the third year withdrawing members are allowed the net earnings on their shares less four per cent. Borrowing members who desire to pay back their loans before their shares mature are, in the language of the by-laws, "charged with the total amount of loan and premium, and credited with one-ninth of the premium for each whole unexpired year up to the ninth year, toggther with dues and interest, or profits on said dues, as the case may be." This "recognition of unearned premiums," as it is called, in dealing with borrowers, is an important feature of the Catholic Association. In the annual reports of the secretary, Mr. J. C. Scallen, a financial statement is made in which premiums on loans, so far as they have not yet been earned by the association, are treated as liabilities. On the same principle, members who borrow on shares which have passed the first year are credited with a rebate for each year that the series has run. The premium is regarded as something like a compound discount for the term of nine years; and if the borrower obtains money for a shorter period, his premium is correspondingly reduced.

The association began in 1874 with eighty-five members. Since that time its average increase of membership has been one hundred and thirty-five, although for the past five years the increase has been much greater than that. The total number of certificates issued to members up to date has been 1,691. The receipts for the first month, in August, 1874, were $137.50. For August, 1879, they were $1,555.50; for August, 1880, $2,439.60, and for August, 1886, about $9,000. Such has been the growth of this association. A growing business does not increase expenses. Last year's handling of over $112,000 cost the association only $1,000. Its treasurer is under bonds of $15,000, its attorney of $10,000, and its banker of $20,000. There is no opportunity for defalcation, every detail of the business being open to all the members, and the money being loaned every month so closely as to require the frequent overdrawing of the association's bank account. To meet expenses, every member pays five cents per month on each share, making the dues one dollar and five cents. This brings in a larger amount than is necessary, but the surplus is invested wtih the other funds for the benefit of the association.

A principal object of the association was to encourage thrift and develop business habits and financial responsibility among the Irish-American workingmen of the city. It has from the first been under the patronage of the Catholic church, a parish priest being an *ex-officio* member of one of the standing boards. The success of the association in its moral and social, as well as in its business aspects, has been very marked. It should be said that although the membership is principally Irish, it includes American, French, Polish, Bohemian, and German Catholics. Some of the members are men of wealth and high business standing in the city; yet probably a majority of these men have attained their business prosperity since the association was founded, some of them certainly owing their success to assistance obtained from it. I am told, however, that ninety-nine per cent. of the members are people whose dues are paid from hard-earned savings, nearly all belonging to the wage classes. Assuming that loans average from $1,000 to $1,200 apiece, and that practically all of them are used to secure homes (either by purchase, building or the payment of threatening mortgages), the association's income is now large enough to provide about one hundred homes a year. It has thus far made nearly six hundred loans, of which the large majority have in fact been so used as to assist workingmen's families to the ownership of the houses they occupy.

The secretary of this association could cite many interesting cases of families that have been especially benefited. A few years ago a thriftless man of unsteady habits was persuaded after much solicitation to become a member. He was supporting a family on sixty dollars a month. He took five shares, and at the outset experienced much difficulty in saving the five dollars and twenty-five cents for monthly dues. His habits improved, however, and he subscribed for five more shares the second year. He increased his stock to fifteen shares the third year, to twenty the fourth year, and to twenty-five the fifth year, confessing that he now found it easier to pay the dues on the twenty-five shares than originally on the five. He drew $1,800 from the association and paid it out for a home. Mr. Scallen tells of a man who was supporting a wife and five children on one dollar and seventy-five cents a day. He held a house and lot on which there was a mortgage of $500, drawing ten per cent. interest. The semi-annual interest payments were extremely hard for him to meet. He yielded to much urging and joined the association, taking ten shares of stock, on which he borrowed the net sum of $1,120. He paid off the mortgage and with the $620 that remained he built a six-room addition to his three-room domicile, renting five rooms to another family for eighteen dollars per month. His monthly payments to the association, including interest, aggregated sixteen dollars and ten cents, or one dollar and ninety cents less than his income as a landlord. This clear surplus was enough to pay taxes. The man found himself carrying his shares and paying for a large house without drawing a penny from his earnings. It is unnecessary to say that he is an ardent believer in building and loan associations. These instances are given because they show the system in actual operation. Others might be given which illustrate the benefits derived by "non-borrowing" members, whose money in the Catholic association earns about twenty per cent.

A careful calculation would show that the borrowing member has generally paid about eight per cent. for the use of the net sum he received. The premium with which he was charged has been counterbalanced by the profits earned on his monthly payments. In Minneapolis the borrower has in most cases been a great gainer from the rapid advance in real estate values. Frequently his property has doubled or trebled its value, and it would have been to his advantage to borrow for investment, even if he had paid much higher rates for the money. It should be said that the association has had no experience of losses from loans, and that foreclosures are practically unknown.

The Mechanics and Workingmen's Loan and Building Association of Minneapolis was founded a few days later than the Catholic association, and began business in September, 1874, with a membership of forty-five, Mr. George A. Brackett being its first president, and Mr. Selah Mathews, the present city clerk, being secretary. Its general plan is similar to that already described. It issues a new series of shares every six months, however, instead of every year, and eighteen series are now outstanding and in force, five having matured in an average period somewhat exceeding nine years. There have been issued 1,383 stock certificates, and about 5,300 shares are now in force, held by 750 members.

The business of the association has grown largely within three or four years, and its receipts may now be safely estimated at from $80,000 to $90,000 annually, making it one of the most important associations in the country. Its business is done very economically; an annual tax of twenty cents per share producing more than enough to pay all expenses.

While the Catholic association charges the borrower six per cent. on the net loan, the Mechanics' collects eight per cent. for the first year and diminishes the gross interest charge thereafter from year to year by deducting an amount equal to eight per cent. on the sum paid in for regular dues. There is no arrangement which fully recognizes the principle of unearned premiums, although the managers are empowered to make equitable settlement with a borrower who desires to pay his loan before the maturing of his shares. All persons are eligible to membership. Probably ninety-five per cent. of the members are mechanics, workingmen and clerks. The association has made two hundred and seventy-five loans, of which two hundred and fifty have built or secured homes. A few have enabled men to engage in remunerative business enterprises. The average premium bid for loans has been forty-two and one-eighth per cent., and the final cost to borrower is about eight per cent., while the "free holders" (those whose shares remain unpledged to the close of the series), gain about twelve per cent. annual compound interest upon their savings. Not a dollar has ever been lost by the association. Only three mortgages have been foreclosed, and these were immediately redeemed. The money of the association never lies idle in the treasury, the demand always being greater than the supply. The fact that the five hundred shares, to which the last series was limited, were all taken immediately without the aid of any kind of advertisement indicates the vigorous condition and excellent outlook of the association. Its present officers are well known citizens, Mr. Samuel L. Brearley being president; ex-Postmaster O. M. Laraway, secretary; County Auditor F. S. McDonald, treasurer; and Mr. Charles Robinson, attorney.

The Minneapolis Mutual Building and Loan Association was also organized in 1874, a few weeks later than the two described above. It began with about one hundred members, and has about that number now. It is said to have been fairly successful, but for some reason it has not developed a large business. Wealthy men own its shares in larger proportion than those of the other associations, although the great majority of members are workingmen. I have been unable to secure any statistics of this association; but it may be taken for granted that in twelve years it has built a good number of homes for workingmen. It is conducted upon what is known as the "Gross plan," as are the "Catholic" and "Mechanics'" associations, that being the most approved Philadelphia form twelve years ago when these three societies were organized.

The newer Minneapolis associations, five in number, are all conducted upon what is termed the "installment plan," which is preferable for its simplicity. Few of the members of the old associations thoroughly understand the wherefore of the system, and it is said that officers and managers in some instances have not altogether comprehended it, although its practical operation offers no difficulties. But the installment plan is readily intelligible. The borrower receives the full amount for which he bids, and pays the premium in monthly installments. The time basis is usually fixed at eight years and four months—just one hundred months; and the premium is paid in one hundred equal installments. The shares are fixed at fifty dollars, and the monthly dues at twenty-five cents. Borrowers receive fifty dollars on each share and pay six per cent. interest in monthly installments, which amounts also to twenty-five cents per share. Under this system the premiums obtained are generally much larger than under the other, from the fact that they are not deducted in advance but paid in easy installments. A premium of fifty per cent. would amount to twenty-five dollars on the share, to be paid in one hundred monthly installments of twenty-five cents. Thus the borrower would have to pay at each monthly meeting twenty-five cents dues on each share, twenty-five cents interest, and twenty-five cents premium. A subscriber for twenty shares borrows their full maturing value, which is $1,000. Let us assume that his premium is fifty per cent. His dues, interest and premium installment will cost each five dollars a month. In one hundred months he will have paid $1,500, his shares will have matured and the obligation is cancelled. Apparently the loan will have cost the borrower only six per cent. In reality, however, it has cost him considerably more; for he pays six per cent. on $1,000 through the entire period, while he has paid back in the form of dues and premium installments one-quarter of the principal at the end of twenty-five months, one-half at the end of fifty months, and three-fourths at the end of seventy-five months. When a loan is repaid before the shares mature, all accumulated deposits, with the earnings, are deducted from the amount. As in the other associations, the interest money and premiums from the borrowing shareholders, with fines and transfer fees, all kept at compound interest, make up the earnings. The non-borrowing member who has twenty shares pays five dollars a month for one hundred months, or five hundred dollars in all, together with fees for incidental expenses amounting to about fifteen dollars for the entire period. He receives $1,000, and the reader may calculate the rate at which his savings have compounded. The perfect lucidity of this installment system wins it favor. The borrower finds it more convenient also because he knows just what sum will be advanced on his shares (provided his security is approved), while under the other system his net loan will depend upon the premium he finds it necessary to bid.

The Turners' Building Association (*Turner Bau-Verein*), of Minneapolis, was organised in October, 1877, on the installment plan which I have just described, by the German Turners of the city. Its incorporators and first corps of officers were well-known German citizens, Mr. I. Monash being the prime mover. The meetings are conducted in the German language and the by-laws and printed statements are in German. The association began with about forty members and now has one hundred and eighty. The outstanding shares number 2,341 in sixteen series. This association divides the premium into ninety-six instead of one hundred monthly installments. Its assets at present are nearly $12,000. The German population of Minneapolis owes much to the good results of this association, a great majority of whose members are paying their dues out of wages of from six dollars to fifteen dollars a week. Two hundred loans have been made, of which at least one hundred and twenty-five have been for the purpose of securing homes. According to the plan of reckoning that is in vogue, a premium of sixty-eight per cent. makes money cost the borrower eight per cent.; and this is about the average premium paid. The rate is really higher, as I have shown. In cases of withdrawal from the association, six per cent. is allowed on the amount of deposits for the first year, and an increase of one per cent. for each additional year.

This association has never foreclosed a mortgage, or suffered a loss. Its expenses are very light. It has the favor and confidence of the German residents, and may reasonably expect its sphere of usefulness to increase.

The South Minneapolis Building and Loan Association was established in August, 1884, with sixty members. It has now one hundred and seventy-five members and three thousand shares of stock (maturing value fifty dollars) in force. Its time basis is one hundred months, and its business is done upon the installment plan as described. Twenty-six loans have thus far been made, all of them for the securing of homes. There is eager competition for money, and the premiums range from sixty to ninety per cent. The assets of the association are now about $10,000, the members are principally working people, and include a number of servant girls who carry ten shares apiece and deposit monthly savings of two dollars and fifty cents. A boy earning five dollars a week has twelve shares. The secretary some time ago received a letter from Aspelund, Goodhue county, making inquiries. As a consequence, a thousand shares of the association's stock are now held in that village. The officers and members of this association are chiefly of Scandinavian nationality.

In 1884 was also organized the North Minneapolis association with seventy-five members, a number which has not greatly increased. It has thus far done a comparatively small amount of business, but there is prompt demand for its loanable funds at good premiums, and it is therefore a successful organization. Dr. P. M. Hall is its secretary.

The Central Building and Loan Association was organized in the spring of 1885, its members being chiefly clerks, book-keepers and men engaged in mercantile pursuits. Its membership has increased from seventy-five to one hundred and twenty-five, and about three thousand fifty-dollar shares of stock, issued in semi-annual series, are in force. It is too young to have accomplished large results, but it has already assisted eighteen members to secure homes or establish themselves in business.

The East Side Association is the most recent of all, having been founded in August, 1886. But it bids fair to become one of the most successful in the city. It is on the installment plan, with quarterly issues of new series. The majority of the members are employed in sash and furniture factories and planing mills. Two thousand or more shares have already been taken by eighty-five members. Mr. P. M. Endsley, who is an ardent believer in the advantages of building and loan associations, is the secretary of this association, and also of the Central and the South Minneapolis societies.

About one thousand homes have thus far been secured for workingmen in Minneapolis by the building and loan associations of the city, and their operations have only fairly begun. It may reasonably be estimated that two hundred and fifty more families will be domiciled through the agency of the associations in 1887, and that the number will increase a hundred a year thereafter for some years to come, producing results not only of great economic consequence, but of inestimable moral and social value.

CHAPTER IX.

THE BUILDING SOCIETIES OF ST. PAUL.

Although this *brochure* purports to give account of coöperative enterprises having their location or origin in the city of Minneapolis, it will not be amiss to record briefly the remarkable success of coöperative building and loan associations in the neighboring city of St. Paul. Nowhere else in the West have such societies accomplished results so notable. As against eight organizations in Minneapolis, there are forty in St. Paul; and as their average age and size are greater in the latter city than in the former, their tangible achievements are much more than five times as large. It requires time for such institutions to become thoroughly domesticated and established in the life of a city. So long as they remain something of a novelty the average workman will be suspicious of them, and will join the movement doubtfully, if at all, and after much argument and solicitation. Pennsylvania offers some especially favorable conditions for the success of building and loan associations, but they flourish by the hundred in that state chiefly because an experience of more than two generations has made the people familiar with their advantages, and has accustomed them to invest their savings through that channel. In Philadelphia, with its four hundred of these associations, the thrifty workingman who is not a shareholder is rather exceptional. Their success in St. Paul is quite as complete, all things considered, as in the Pennsylvania cities. They have become an accepted local institution, destined to play a growingly important part in the building up of the city and in the development of thrift and providence among wage-earners. Minneapolis is a newer city than St. Paul, and a smaller proportion of its working people have settled down to the humdrum, old-fashioned process of getting on in the world by careful accumulations of small savings. St. Paul has a very large German element, and the Germans seem to adopt the building and loan association more readily than any other class. There are comparatively few Germans in Minneapolis. No single association in St. Paul is so large and flourishing as the "Catholic" of Minneapolis, and perhaps there is none so large as the "Mechanics.'" But the movement as a whole is many years more advanced in St. Paul than in Minneapolis. Three Minneapolis associations date back to 1874; but they were comparatively small and obscure until after 1880. The movement in St. Paul began in 1869, and ten years later, when the city had a population of nearly forty thousand, there were twelve associations, some of them being large and flourishing. The state census of 1885 gave St. Paul a population of 110,000, and in about half a decade the building associations have increased to forty.

Space and the purpose of this sketch would not justify a separate description of these forty societies. It must suffice to give a few general facts. The average monthly receipts of the associations are conservatively estimated at $2,000, or $80,000 altogether. This means an annual accumulation of nearly a million dollars, most of it saved from the earnings of the wage class or of people in very moderate circumstances. The men best qualified to express an opinion would say unhesitatingly that by far the greater part of this money would not have been saved at all, but for the associations. More than $10,000,000, it is claimed, has thus been garnered by the building societies of St. Paul, and invested in such a way as to confer the largest benefits upon thousands of families. No one will dispute the modest assertion that this sum of $10,000,000, saved from the earnings of the people and invested in homes for the people, has benefited St. Paul more greatly than twice the amount invested in any other way. The present total membership of the associations can hardly be less than six thousand, representing fully one-fourth of the families of the city; and the average annual payments per member, including dues, interest and premium installments, exceed one hundred and fifty dollars. More than a thousand loans a year are made, and the great majority of them are invested in residence property. The estimate that from eight to ten thousand homes in St. Paul have been in whole or in part secured to their owners with money advanced by the building societies might seem extravagant, but I must conclude that the facts will bear it out. The houses of workingmen in St. Paul are smaller and plainer than those in Minneapolis, but a much larger proportion of them are owned by the occupants, for which the credit belongs to the societies of which I write.

The idea of the association was brought to St. Paul from Philadelphia by Mr. Theodore Sander, in 1869. To his enthusiasm and constant efforts, the success is due in no small part. He is now the secretary (and therefore chief executive officer) of three of the oldest and largest societies, the "Workingmen's," the "St. Paul Workingmen's" and the "Franklin." Mr. J. W. McClung, who is secretary of the "St. Paul Mutual," the original society, has been prominently identified with the movement from the beginning. Mr. A. V. Teeple is another of the foremost apostles of building societies. He is the secretary of the "North Star," "State," "Fort Street," and "Real Estate and Building" associations, and the president of another. Mr. E. R. Bryant is another successful organizer, and is to-day the secretary of not less than seven associations, including the "Capital City," "Columbia," "Rice Street," "Seven Corners," "Railway," and two West Side societies. Mr. E. T. Williams, who is the president of the "Railway," is secretary of three important associations, the "National," "Capital" and "Minnesota Savings." Prominent bankers and financiers are made treasurers, Mr. Albert Scheffer acting in this capacity for three societies, Mr. Herman

Scheffer for three, Mr. Louis Fisher, Jr., for six, Mr. William Dawson for two, and so on. Mr. Adolphus Moore is the president of three societies and Mr. C. H. Lienau of two. It is the wise policy of the societies to make their ablest business men officers and directors; and a full list of the men now serving in these capacities would include a large number of gentlemen known in business circles throughout the Northwest. Ninety-five per cent., however, of the total membership of the societies is composed of people in humble circumstances. It is not an unusual thing for a prominent banker to leave his business and go out to some suburban addition to examine property offered as security for an association loan of four hundred or five hundred dollars. These business men appreciate the value to the city of the building societies, and do all that in them lies to enhance their usefulness and prosperity. They are always ready to aid in furnishing security for loans to worthy workingmen who desire to build homes.

The large majority of St. Paul associations conduct their business on the installment plan. No association is made up exclusively of a class or nationality, although many have a distinct character. Thus the "Railway Loan Association" is composed almost entirely of railroad employés. Its fifteen directors are nearly all officials in the railroad offices. It has enabled a large number of railroad men, train employés, yard men and shop hands, as well as men in the offices, to build homes. They thus become permanent citizens, and their character as employés is distinctly improved. Another society, the "Real Estate and Building," is composed principally of young business men. Several are made up chiefly of Germans. In general, the foreign elements take more readily to the plan than American workingmen, and they constitute the major part of the aggregate membership. A number of the societies, as their names indicate, belong to particular neighborhoods or streets. All of them prefer to make small loans rather than large ones, and to have the stock distributed among as many members as possible.

Many of them restrict the amount which one person may hold, and several limit the size of loans to $2,000. In nearly all the societies loanable funds are promptly taken when offered. Premiums sometimes reach eighty per cent. in the installment societies, and the gains are sometimes at the rate of twenty per cent. a year. The average premium, however, is lower, being from sixty to seventy per cent., and money costs the borrower, according to the societies' plan of reckoning, about eight per cent., while the shares of the non-borrowing members are gaining in value at the rate of twelve per cent. annual compound interest. The losses of the societies have thus far amounted to practically nothing, and the foreclosure of mortgages has been of rare occurrence.

To these general facts nothing further, perhaps, needs to be added. Even this very meager notice is, so far as I am aware, the most extended account that has ever been made of this most potent and interesting factor in the development of the wealthy, prosperous and beautiful city of St. Paul.

The building associations do their work so unobtrusively, although so incessantly, that it is perhaps not strange that hasty observers should have failed to recognize their agency. St. Paul's recent statistics of population-growth, new house-building, and growth of taxable wealth have, like those of Minneapolis, been phenomenal; but I have never seen so much as a cursory mention made of the workingmen's coöperative building societies as a factor in this splendid material progress. It would be superfluous at the end of this sketch to express it as my own opinion that they have constituted one of the most essential factors. But even more important than their mere material achievements for the city and for their members individually, have been their social and moral value in counteracting the tendency of a city population to wider divergence between rich and poor and to the development of a proletariat class. The typical American citizen is a freeholder, and has a home which is his castle. His independence and his virtue depend not a little upon his worldly condition. The building society is above all things to be commended as a conservator of the home and family institutions that underlie all our national greatness and power.

CHAPTER X.

UNSUCCESSFUL ATTEMPTS AT COÖPERATION.

Commercial statistics prove that the great majority of business undertakings result in failure. That a due proportion of enterprises begun on the coöperative plan should have a short and inglorious career ought to be expected. In most coöperative projects there are great difficulties to be overcome. It is a simple matter to draw up the articles of incorporation and to adapt by-laws from those of some other coöperative organization. Everything looks attractive on paper. The projectors are usually inexperienced and overconfident. They are impressed with the theoretical advantages of coöperation, and expect large results almost at the very outset. They are not prepared for the period of neglect and obscurity, of small internal disagreements, of business mistakes, and of every kind of unforeseen annoyance, that is likely to come when the first flush of novelty has disappeared. To succeed in coöperation men must bear and forbear, persevere, and learn wisdom by their mistakes. Courage to hold on through the first year or two of blundering and adversity is the price of permanent success.

An account of coöperation in Minneapolis would not be complete or altogether honest if it should omit allusion to attempts that have failed or are moribund. Without entering into much detail, I will mention several instances. The narrative of coöperation among the coopers contains reference to three or four short-lived coöperative shops. In one sense these may be listed as failures. But although the organizations were disbanded, the members were received in a body by one or another of the larger shops, and failure therefore was formal rather than actual. At least two or three coöperative retail stores have failed, for the same reasons assignable for the early shipwreck of nearly all the coöperative mercantile ventures ever launched in this country. There has been lack of good management on the one hand, and of the right kind of purchasing members on the other. False expectations have led to easy discouragement. The existing Minneapolis Mercantile Company is in the hands of men who do not expect impossibilities and are willing to fulfill the conditions upon which success depends. It profits by the experience of its ill-starred predecessors. Several coöperative printing offices have been established in Minneapolis, none of which have succeeded. A well known establishment calls itself the "Coöperative Printing Company," but it is not now managed on the coöperative plan, if it ever was. Experience in job printing offices does not prove this business to afford an inviting field for coöperative effort. The managerial difficulties are formidable. Furthermore, printers are already so well paid where the typographical union fixes the scale of wages, that the pecuniary advantages of coöperation do not appeal to them strongly. The profit-sharing system might be introduced with good results in printing offices.

No recent coöperative undertaking in Minneapolis has opened on so large a scale as an organization of carpenters and joiners, entitled the "Northwestern Coöperative Building Association," which invited public attention early in the current year. It began, I am informed, with about fifty members, and was under the general auspices of the "Brotherhood of Carpenters and Joiners." It rented for its shop a large, unused skating-rink, and made an ambitious *début*. One afternoon in October (1886) I sought out the shop, which is at some distance from the central part of the city, full of the laudable hope that I might get material which would justify a description of the undertaking in these pages as a brilliant success. The door was locked, and a glimpse of the interior through an unshuttered window revealed the fact that the shop was abandoned.

Casual efforts to obtain full information have been futile; but I understand that the enterprise failed as the penalty for over-confidence at the outset. It had counted upon a fair-weather voyage. There had been left out of account the abstinence and sacrifice that the first season would demand. Members should have been content to draw the smallest possible wages until the company was firmly established. Instead of doing that, they began by allowing themselves larger wages than the business justified. I am told that the company collapsed with several unfinished houses on its hands. However that may be, and whether the suspension will prove permanent or only temporary, the over-sanguine beginning has been disastrous. If the company should reorganize, as is proposed, doubtless it will have profited by its first experience.

A small coöperative cigar-factory has existed in Minneapolis for two or three years, and I had hoped to be able to give a good report of it. But it is not to be found in its old quarters, and I am led to believe that it is totally extinct. It seems to have been in a death-stricken condition for some length of time. I have not learned the determining facts in its short and melancholy history.

A year ago there was in operation the "Coöperative Shirt Factory" of Minneapolis. It was a small affair, but it was begun with high hopes. Its members were eight sewing women. They were encouraged by the Knights of Labor, and were, in fact, members of a women's assembly of that order. Their organization was adapted from that of the cooper-shops. The president was also "forewoman," and the offices of secretary and treasurer were combined. The stock was in ten-dollar shares, to be paid by weekly assessments. Patronage was ample for some time, the Knights of Labor furnishing much of it. Members were paid piece wages and earned nearly twice as much as sewing-girls in other shirt factories. Several large orders were filled at good prices. But after some months of prosperity the business began to fall off. At length the factory suspended and its members sought work elsewhere. It still has a corporate existence and some of its members talk hopefully of resuming the enterprise. The failure seems to have been due to a number of causes. None of the members understood the coöperative system entirely well, and there were perhaps some slight disagreements over questions of management. But one of the members attributes the want of success chiefly to the fact that the shirts were unskillfully cut and were unsatisfactory in the important essential of fitting. Knights of Labor do not like ill-fitting shirts any better than other men; and their devotion to the noble order and to the cause of labor reform will never sustain a shirt factory that lacks a skillful cutter. If the factory reopens, it will give this point primary attention. It is earnestly to be hoped, for the sake of sewing women and the factory-girl class in general, that this shirt factory will be reëstablished. While it had work to do, its members were able to earn net wages of from four to five dollars a week as easily as they would have earned two dollars and a-half or three dollars if employed in other factories. There need be nothing disheartening to believers in coöperation in the record of failures; for, rightly viewed, every failure is a step to ultimate success.

CHAPTER XI.

THE NEW IMPULSE.

Readers of the foregoing chapters can hardly have failed to note the fact that coöperation in Minneapolis has recently received a new and strong impulse. One or two of the flour barrel shops are of very recent origin. The shop engaged in general cooperage is a new venture. The grocery store, the land association and agricultural colony, the laundry, the painters' organization, the shirt factory and the coöperative house-building enterprise, are all of later date than 1884. Four of the eight building and loan associations have been established in this same period. This fresh impulse among workingmen to coöperative effort is chiefly due to the growth and activity of the order of Knights of Labor. The District Master Workman, Mr. J. P. McGaughey, of Minneapolis, is secretary of the National Coöperative Board of the Knights of Labor; and he and others of the Minneapolis Knights are zealous advocates of coöperation. The order has from five to ten thousand members in Minneapolis, and the discussion of such questions as coöperation at the meetings of its various assemblies, as well as in the weekly sessions of the delegate body known as the Trade and Labor Assembly, has great educational value. It is reasonable to believe that a few years hence this impetus will be seen to have produced large and permanent results. I am somewhat confident that it will lead to the establishment of successful mercantile enterprises. A great society like the Knights of Labor can lend the most valuable assistance to a coöperative store in the matter of securing members and patrons; and customers, obviously, are the prime essential. Once fairly established on the right basis in a good neighborhood, a coöperative grocery may count upon permanent success, whether the order of Knights survives or perishes. In addition to the existing grocery in south Minneapolis, another on the same coöperative plan is about to be established in east Minneapolis. One has been organized in St. Paul and another in the town of Brainerd. All these projects are under Knights of Labor auspices and owe their inception to the Minneapolis store, which in turn owes its existence to the success of coöperation in the cooper-shops.

One of the most recent of the new enterprises is the "Minneapolis Coöperative Furnishing Company," which is just beginning business in south Minneapolis. The retailing of boots and shoes, clothing, and the articles known as men's furnishing goods will occupy its efforts for the present, although it contemplates a manufacturing as well as a mercantile business, and proposes to undertake other lines of trade such as hardware and household furniture. The incorporators are Scandinavians. The business will be conducted upon almost precisely the same plan in all respects as that of the "Minneapolis Coöperative Mercantile Company." The Scandinavians, who constitute perhaps one-third of the population of Minneapolis, have shown themselves to be excellent coöperators, and this new "Furnishing Company" has better prospects than if its incorporators were men of any other nationality.

A coöperative fuel company is a favorite idea with the Minneapolis workingmen, and steps have been taken towards the inauguration of such an enterprise. There is probably no line of business which a large body of organized workingmen could conduct so easily and successfully as a coal and wood yard, but for the iniquitous combinations in the fuel business which would endeavor to crush the coöperative company before its business was fairly established. In spite, however, of the artificial monopolies which control the production and sale of coal, I believe that the workingmen of a city like Minneapolis could establish a successful fuel company and effect large savings.

The Minneapolis Knights of Labor contemplate the erection of a central building, four stories high, the first floor to be rented for stores, the second to be arranged for offices, the third to be used for the lodge rooms of societies and the fourth to contain a large auditorium. The "Knights of Labor Building Association," of which Mr. Thomas A. Clark is president, is a joint-stock company organized on the coöperative system, for the particular purpose of constructing such a building. The company has a nominal capital of $100,000 divided into shares of five dollars. Organization was effected in June, 1886, and a hundred and fifty members were secured at once. Shares are to be paid for in monthly installments of ten per cent. A general subscription among the Knights is not to be expected until the location has been definitely chosen and plans adopted. When the money is actually required, it is believed that a very large number of subscribers for one or more shares can be obtained. No person will be permitted to hold more than two hundred shares. Each member has an equal voice in the election of officers and directors, whether he owns one share or two hundred; but the profits of the company are to be distributed, of course, in proportion to stock. It is desired to complete the building in time for dedication in the fall of 1887, when the national conference of the Knights of Labor is to be held in Minneapolis.

In March, 1886, a "Musicians' Protective Union" was organized in Minneapolis with fifty members, now increased to seventy. It constitutes an assembly of the Knights of Labor. Forty of these musicians are organized under the leadership of Mr. G. A. Schubert as a coöperative band. The company supplies a large or small orchestra or a cornet band as required. Some of the members have other occupations, some have not. All receive pay at the same rate, the leader included. The arrangement is pronounced a success by Mr. W. L. Mallory, secretary of the organization, who says that it enables the members to get more work and better pay for their services. Whether or not it has elements of permanence I do not know.

Enough has been said to make it evident that the idea of coöperation is beginning to have a strong hold upon the minds of Minneapolis workingmen. They are thinking about it, and are pondering its applicability to their own trades. The workers in sash, door and blind factories, the plasterers, and men employed in some other crafts and lines of manufacture, have begun to frame more or less definite plans for coöperative effort. Not one of these honest and manly attempts of wage-earners to become their own employers, obtain larger returns from their labor and achieve industrial independence can be wholly fruitless, whatever its apparent fate may be. Most of them, it is true, are humble and obscure; but far from being insignificant because they have their beginning among the "common people" and are not fostered or patronized by the aristocracies of wealth or culture, they are on that very account the more deeply significant. What men win for themselves is their own. Workingmen cannot have coöperation, or any other improved system of industrial organization, thrust upon them. Good influence, welcome encouragements and educational aids can be bestowed; but, after all, it remains for men to help themselves, asking no odds. Coöperation is the most admirable form of self-help because each man is helping his fellows to climb as rapidly as he climbs himself and the progress of all is facilitated. It develops and strengthens all the worthiest elements of manhood, while its disciplines and restraints are invaluable. When, therefore, in a given community considerable numbers of workingmen are found to be successfully practicing the coöperative system, with various other groups preparing to follow the example, there are thoughtful men who will deem this social fact quite as significant a mark of true progress in that community as the broad and beautiful streets, the palatial business structures or even the ample school buildings and costly churches.

COÖPERATION IN MINNESOTA.

The monograph entitled "Coöperation in a Western City," (Minneapolis), first published by the American Economic Association,[1] and reprinted in this volume, contains nearly all that is essential to a knowledge of the progress of coöperation in the state of Minnesota. The phenomena of grangerism were much the same in this state as in Wisconsin and Iowa, and even more transitory. I am not aware that a single grange store survives. The Patrons of Husbandry have been superseded by an active organization called the "Farmers' Alliance," which has chiefly a political character, and whose prime object seems to be the regulation of railroads and the reduction of freight rates. It has also given much attention to the inspection of grain and the practices of the great elevator companies that buy and handle the wheat of Minnesota and Dakota. As a result of this agitation stringent laws have been enacted. A number of coöperative elevators and grain warehouses have been built by farmers. Many local farmers' institutes have been held, and the Alliance is doing a useful work in urging the importance of diversified farming. In the southern half of Minnesota, the dairy interest is making remarkable progress, but not many of the butter and cheese factories are managed upon strictly coöperative principles, although, as in Iowa, they are in practical effect coöperative establishments. The farmers' coöperative insurance associations—called in this state "Township Mutual" companies—are not so numerous as in Wisconsin and Iowa. There were twenty-seven of them in 1884, and thirty-six in 1885, since which time the number has considerably increased. The reports of the state insurance commissioner do not contain a statement of the condition or the volume of business of these companies.

---

[1] "Coöperation in a Western City," Vol. I, No. 4, publications of Am. Econ. Asso., 1886.

Building and loan associations are more numerous and prosperous in Minnesota than in other Western states. Since the publication of the monograph above referred to, additional associations have been established in Minneapolis and St. Paul. They are prospering in all the larger towns of the state—Winona, Stillwater, Mankato, Red Wing, Duluth, Fergus Falls, Sauk Center, St. Cloud, Austin, Albert Lea, Brainerd, and so on. There are probably from seventy-five to a hundred of these associations in Minnesota.

Under the auspices of the Knights of Labor a number of coöperative enterprises have been undertaken or are projected in Minnesota, including several stores and small manufacturing ventures. It is, however, too early to record them or to predict their fate. Suffice it to say that there is a new and strong interest in coöperation among the workingmen of the state, and that some permanent results may fairly be expected.

The large Mennonite settlements of Watonwan and Cottonwood counties include perhaps three thousand people. The principal villages are Mountain Lake, Butterfield and Brigham Lake. The land is held and cultivated in common, and the arrangements of the Russian "mir" are largely reproduced. The communities are highly prosperous. They are said to be showing signs of yielding to the customs of their American environment, although at present they are clannish and exclusive to an unusual degree.

The following law providing for the formation of coöperative associations was enacted in 1870:

"*Be it enacted by the Legislature of the State of Minnesota:*

"SECTION 1. Seven or more persons of lawful age, inhabitants of this state, may, by written articles of agreement, associate themselves together for the purpose of trade, or for carrying on any lawful mechanical, manufacturing or agricultural business within this state, and when such articles of association shall have been executed and recorded in the office of the clerk of the city or town in which the business is to be carried on, such persons shall be and become a corporation, and enjoy all the powers and privileges, and be subject to all the duties, restrictions and liabilities set forth in all general laws in relation to similar corporations, except so far as the same may be limited or enlarged by this act.

"Sec. 2. The objects for which such association is established, and the place within which its business is to be carried on, shall be distinctly set forth in its articles of agreement, and it shall not do business in any other place or places than those mentioned in its articles, and the articles of agreement shall be recorded in the office of the clerk of every place in which it proposes to do business.

"Sec. 3. The business of the association shall be managed and conducted by a president, a board of not less than three directors, and a treasurer, who shall be styled a board of managers, and who shall be chosen annually by the stockholders, and shall hold their offices until others are chosen and qualified in their stead; and shall have such other officers as the association shall prescribe by their by-laws; and the mode of appointment and choice of such officers shall also be prescribed by the by-laws.

"Sec. 4. The first meeting of such association hereafter organised shall be called in the manner provided for calling meetings of corporations in the general statutes. Each association may make its own by-laws, provided they are not repugnant to this act, nor to the laws of the state, and shall file in the clerk's office of the place where they transact their business a copy of all by-laws made by them.

"Sec. 5. The amount of capital stock of such association shall be fixed and limited in its articles of association, and it may be any sum not exceeding fifty thousand dollars. The association may increase or diminish its amount and its number of shares at any meeting of its stockholders, especially called for that purpose, and within thirty days after the passing of any vote increasing or diminishing its capital stock, cause such vote to be recorded in the clerk's office of the place where its business is carried on, but no share shall be issued for less than its par value.

"Sec. 6. When the association shall have been organised, it shall be the duty of the board of managers to prepare a statement of the condition of the association, containing the amount of the capital stock, the par value of the shares, the number of shares issued, the name and residence of the shareholders, and the number of shares owned by each, and the same shall be filed and recorded in the clerk's office of such city or town in which the association proposes to do business; and on or before the tenth day of November thereafter in each year, the board of managers shall prepare a statement of the same facts as they existed on the first day of November, with a statement of the kind and amount of the property of the association on that day, and of all its debts and liabilities of every kind, and the same shall be filed and recorded in the office of the clerk of each city or town in which the association does business. All the statements provided for in this section shall be signed and sworn to by a majority of the board of managers.

"Sec. 7. Such association may take, hold and convey such real and personal estate as is necessary for the purpose of its organization, and may sue and be sued in its associate name, and no member thereof shall be entitled to hold or claim any interest therein exceeding the sum of one thousand dollars, nor shall any member, upon any subject, be entitled to more than one vote.

"Sec. 8. No certificate of shares shall be issued to any person, until the full amount thereof shall have been paid in cash. No person shall be allowed to become a shareholder in such association except by the consent of the managers of the same.

"Sec. 9. If the board of managers shall fail to make the returns provided for in this act, or shall make untrue returns, they shall be jointly and severally liable for all the debts existing at the date of such return, or at the time when the same should have been made.

"Sec. 10. If any person shall recover judgment against any association created under the provisions of this act, and if, after the issue of execution upon such judgment, demand shall be made on the treasurer, or board of managers, for payment of the same, or for property to be exposed to satisfy such execution, and if the same shall not be paid or satisfied, the officer shall make returns of such fact, upon the execution or upon any alias execution that may issue, so long as any part thereof remains unsatisfied; and if, after thirty days shall have elapsed, the balance of such execution remains unpaid, the creditor may apply to the Superior Judicial Court, setting forth the facts, and praying for an injunction to restrain such association from alienating or transferring any of its property, and doing any business until such judgment is satisfied; and the said court shall grant such injunction, or the creditor may apply to the district court in the county in which such association has a place of business, setting forth the facts, and after due notice and hearing thereupon a warrant shall issue under the law in relation to insolvent corporations, and proceedings shall be had as in other cases of insolvent corporations; and said association may at any time apply for the benefit of the acts in regard to insolvent corporations.

"Sec. 11. There shall be such distribution of the profits or earnings of such associations among the workmen, purchasers and stockholders, as shall be described by the by-laws, at such time therein prescribed, and as often, at least, as once in twelve months. *Provided:* That no distribution shall be declared and paid until a sum equal, at least, to ten per cent. of the net profits shall be appropriated for a contingent or sinking fund, until there shall have accumulated a sum equal to thirty per cent. in excess of such capital stock.

"Sec. 12. This act shall take effect and be in force from and after its passage.

"Approved March 4, 1870."

Certain requirements in this law were not found practicable, and the earlier of the Minneapolis barrel companies preferred to begin business under ordinary articles of incorporation. In 1881 the four barrel companies then existing secured the emendation of the law, and a special act of legislature authorizing them to conform their charters to the provisions of the amended statute on coöperative associations. The amendments of 1881 are as follows:

"*An act to amend Section Five* (5) *and Eleven* (11) *and repeal Section Six* (6) *of Chapter Twenty-Nine* (29) *of the Laws of A. D. One Thousand Eight Hundred and Seventy* (1870) *Relating to Coöperative Associations.*

"*Be it enacted by the Legislature of the State of Minnesota.*

"Section 1. That section five (5) of chapter twenty-nine (29) of the laws of A. D. one thousand eight hundred and seventy (1870) be, and the same is hereby amended, so as to read as follows:

"Sec. 5. The amount of capital stock of such association shall be fixed and limited in its articles of association, and it may be any sum not exceeding one hundred thousand ($100,000) dollars. The association may increase or diminish its amount and its number of shares at any meeting of the stockholders especially called for that purpose, and within thirty (30) days after the passage of any vote increasing or diminishing its capital stock, cause such vote to be recorded in the clerk's office in the place where its business is carried on, but no share shall be issued for less than its par value.

"Sec. 2. That section six (6) of chapter twenty-nine (29) of the laws of A. D. one thousand eight hundred and seventy (1870) be and the same is hereby repealed.

"Sec. 3. That section eleven (11) of chapter twenty-nine (29) of the laws of one thousand eight hundred and seventy (1870) be and the same is hereby amended so as to read as follows:

"Sec. 11. There shall be such distribution of the profits on earnings of such associations among the workmen, purchasers, members and stockholders as shall be prescribed by the by-laws, at such times therein prescribed, and as often, at least, as once in twelve (12) months.

"Sec. 4. This act to take effect and be in force from and after its passage.

"Approved November 17, 1881."

The Minnesota law has now been well tested, and it is deemed satisfactory in all essential respects.

COÖPERATION IN WISCONSIN.

A sketch of coöperation in the state of Wisconsin falls naturally into three parts, which have no vital connection with one another. The first part has to do with the half-literary, half-philanthropic and wholly impracticable attempt in the decade following the year 1840, to establish coöperative communities upon the principles of Fourierism—a movement which owes its fame less to its relative importance in the history of social experimentation than to the fact that it included brilliant men of letters who have utilized it to the utmost as literary material. The second part has to do with the farmers' movement known as grangerism, which was active between 1870 and 1880. The third part embraces the coöperative features of the present "labor movement," and must of necessity deal with incipient undertakings.

THE WISCONSIN PHALANX.

American communities founded under the impulse of Fourierism have been made famous in the proportion of their famous men rather than in the proportion of their success. The Wisconsin phalanx, as a social and industrial experiment, was a more rational undertaking and was productive of better results than the Brook Farm, North American, or other Eastern "phalansteries." A detailed account of it would scarcely comport with the plan of the present volume, and may be found elsewhere, but a brief sketch will be admissible. The late Mr. J. H. Noyes, in his "American Socialisms," faithfully records the history of American Fourierism, and Mr. Frank A. Flower, in the second biennial report (1885-6) of the Bureau of Labor and

Industrial Statistics of Wisconsin, devotes an interesting chapter to the Wisconsin phalanx. Wisconsin was a territory on the far western frontier in 1844; and those who know something of the privations of scattered pioneer life can the better understand how attractive the plan of a coöperative community—as then glowingly advocated by Horace Greeley, Albert Brisbane, George Ripley and the other members of that familiar group of enthusiasts—might well seem to aspiring and intelligent people in a new territory. In the winter of 1843–4 the people of Southport (now Kenosha), and vicinity discussed the subject of Fourierism in its various aspects at the meetings of the village lyceum, and out of the discussion grew the determination to found the Wisconsin Phalanx. A tract of seventeen hundred acres of admirable land was selected and bought at the government price, in Fond du Lac county, near the present city of Ripon. An advance party of twenty men, with "teams, cows, tools, provisions and tents," reached the charming spot, May 27th, 1844. It is said of them that "they were as good material, probably, as was ever got together for a like experiment. They did not belong, even in part, to the class of the 'unappreciated, the played out, the idle, and the good-for-nothing generally;' on the contrary, they were persons whose industry and general shrewdness had already been coined into a good equipment of live stock, farm materials, implements, and other necessities for fitting out a new enterprise. What was better, they had all, as pioneers, undergone that training in hard work and privation, which fortified them against discontent and homesickness. They were rather religious than irreligious, and among them were two who had studied as preachers in evangelical denominations; but there was nothing like religious bigotry visible in the Phalanx; on the contrary, everybody was liberal." The president's report for 1847 shows a resident membership of one hundred and fifty-seven, there being thirty-two families and a number of unmarried adults. The living was on the "unitary" plan, the association occupying a building four hundred feet long which consisted of two rows of tenements with a large hall between. A majority were fed at the common table, while those who preferred were supplied with meals in their own apartments. The organization of industry was simple. The various branches of work, chiefly agricultural, were in charge of competent persons chosen as foremen, and the members distributed their services voluntarily, and were paid by the hour. It was not found feasible to discriminate in wages between the more skillful and efficient and the less capable. All members had an equal voice in the election of officers and the government of the association, although the stock of the corporation was held in varying amounts. Net profits were apportioned between labor and stock—three-fourths to the former and one-fourth to the latter. Dividends to labor were distributed in the ratio of wages. The portion that was awarded to dividends on stock paid twelve per cent. the first year and a fair per cent. in subsequent years. The association was financially a success from the beginning to the end. The people enjoyed a much higher material standard of living than their pioneer neighbors, and their intellectual and social advantages were greatly increased by their mode of life. Mr. Flower is justified in saying that if the society "had continued as it began until now, it would have been a center of great wealth and power." "From a financial standpoint the Phalanx was in every way successful. The members were in more than usual health, had an abundance of good food, were not in any instance overworked, had few or no cares and struggles, were well-informed and progressive, had no need of jails, lawyers or courts, yet in 1850 steps were taken for its peaceful dissolution, which soon after followed." Fourierism carried coöperation to the verge of communism. All the members of the Wisconsin Phalanx "were American-born and thoroughly imbued with American ideas." Life in a phalanstery, where the man of brains and ambition works side by side, at the same daily wages, with the unskilled and unprogressive laborer, and where the system promises nothing different, is not compatible with American ideas. The abler men in the Wisconsin Phalanx could not resist the opportunities to grow rich by speculation which a developing country affords. The pent-up life of the society became irksome. Such experiments, though foreordained to short life, have perhaps left behind them an influence not always estimated at its true extent and value.

GRANGE COÖPERATION.

The grange movement in Wisconsin followed a course in general respects similar to that in other Western states, although in this state the legislative crusade led by the grange against the railroads was notably fierce, and absorbed the principal force of the movement. The coöperative work of the order in Wisconsin was much the same as in Iowa. The stores and distributive agencies established in the decade following 1870 were numerous. They served their temporary end, and few survive. "The largest grange store," says Mr. Flower,[1] "was in Milwaukee; one of the most successful, in Brandon, Fond du Lac county, of which ....R. C. Kelly is manager. It was organised in 1877 under the revised statutes by the Brandon Coöperative Association, with fifty stockholders—farmers and grangers. The stock was limited to $10,000, shares at five dollars apiece. At the outset the association put in $2,000 and borrowed $2,000. 'We pay,' says Mr. Kelly, 'ten per cent. interest on capital, payable in new stock. The balance of the profits is divided among the stockholders in proportion to the amount bought during the year, this also to be paid in new stock. We have now a paid-up capital of $10,000, with some surplus. We have regular meetings of stockholders every three months.'" This prosperous coöperative store has survived ten years, and has promise of permanence. It has found the right method in paying a fixed interest on capital stock and dividing surplus profits in proportion to purchases. Two-thirds of its patronage is from non-members; and a plan by which they should be admitted to some share in the benefits would be advantageous to the institution. At Brodhead, Green county, there is a grange coöperative store, established in 1881. Its annual business amounts to $30,000, and it pays dividends of eight per cent. Mr. Flower quotes one of the officers who says: "The association was formed for the purpose of reducing the cost of general merchandise to consumers. We have done that, and our stockholders are satisfied." Details as to organization are not given, but it may be inferred that the profits are distributed on the basis of stock. "There are," adds Mr. Flower, "grange or coöperative stores at Evansville, Brooklyn and Greenbush managed upon similar principles, while some, notably that at Stockbridge, Calumet county, employ a purchasing agent merely, who buys a quantity at wholesale rates and sells to members of the Grange at the same price, freight charges added." The same authority attributes the failure of many grange stores and agencies to the fact that "when members of the Grange wanted to make purchases on credit they went to other places; and then, when they had cash in hand, naturally felt in duty bound to continue trading where they had been accommodated in time of need."

---

[1] Report of the Commissioner of Labor Statistics.

The Wisconsin Patrons of Husbandry maintain a state agency at Milwaukee which serves them very effectively, chiefly as a bureau of information, but also as a purchasing and forwarding bureau. Mr. L. G. Kniffen, the state agent, is reported in 1886 as saying:

> "For eleven years we have shipped sugars at actual cost, receiving nothing for cartage or shrinkage; nails at an advance of five cents a keg; barbed wire at one-eighth to one-quarter of a cent a pound profit from car-lot prices, or an advance of about five per cent. for small lots to farmers on net wholesale rates. On some goods we have an average of six or seven per cent. profit. The savings to our patrons varies according to the advantages they have

in their local markets. On teas I think we save patrons fully twenty-five per cent., and the same on coffee, lubricating and burning oils. On binding twine we save them five cents a pound . . . .

"We sell here about $100,000 per annum on an average, and mail prices and answer letters sufficient to sell ten times the amount. Our correspondence is simply immense. Farmers use this agency as a bureau of information more than anything else, and as a regulator of local trade. Perhaps out of ten inquiries from new customers we get one order. The information imparted in the nine other letters is used to enable the writer to buy more intelligently or to better advantage at home. We do not sell on time, and it is probable that a large portion of our correspondence is from parties who have not the means to buy for cash, and so do the best they can for time purchases where they have a local credit. The general desire of parties who send for goods is to save fully twenty-five per cent. on their purchases, and we are able to save them that on many things. For fear of disappointing them we sell all staples at about net cost to us without a margin that covers expenses. We do not restrict our sales to members of the grange, but correspond with farmers generally. We have not aimed to do more than cover expenses."

This plan of a central agency is evidently worth while, and it might well be put in operation by the farmers of many other states.

FARMERS' COÖPERATIVE INSURANCE.

As in Iowa, the most lasting and noteworthy of the results of the coöperative impulse of grangerism in Wisconsin are the neighborhood mutual fire insurance associations. The New England town (township) is more fully reproduced as a unit of organized local government in Wisconsin than in Iowa, and is a much more conspicuous fact. In Iowa the farmers' insurance companies are on a county basis. In Wisconsin they are "town" companies. The law requires that the name of each company shall include the name of the town in which its office is located. Membership and business, however, are not restricted to the one town. Adjoining ones may be added by a two-thirds vote of the members of the association, the maximum limit being twenty towns. The number of these companies has grown steadily since 1870, and the report of the State Commissioner of Insurance for 1886 contains a list of one hundred and forty-five that were doing business in the preceding year. I ascertained that these companies had outstanding on January 1, 1885, policies aggregating upwards of $39,000,000, and that they issued during the year 1885 more than $12,000,000 of new policies. The losses incurred for the year were only $45,136—about one-tenth of one per cent., and their total expenses were only $15,607, or slightly more than one hundred dollars for each company. It may be safely asserted that the town insurance associations are saving the farmers of Wisconsin $300,000 or more every year in premiums.

THE COÖPERATIVE PLUMBERS OF MILWAUKEE.[1]

The most successful attempt at industrial coöperation in Wisconsin, and one of the most important in the United States, is that of the Coöperative Plumbing and Gas Fitting Company of Milwaukee. In April, 1885, a quarrel between the Master Plumbers' Association and the Journeymen Plumbers' Union resulted in a strike of fifty-five men employed in fourteen shops. This number included nearly all the journeymen plumbers in the city. Both parties were stubborn and the breach widened. The national organizations of master plumbers and journeymen plumbers lent countenance and support to the combatants respectively. At length in June, after two months of contention, with the advice and under the auspices of the national association, the journeymen united in a coöperative organization and resumed work as their own employers. The "Plumbers' International Union," which had created a fund to be used in the encouragement of coöperation, determined to improve the Milwaukee situation and make a practical beginning.

---

[1] I am under especial obligations to Mr. Matt. J. Simpelaar, the efficient Assistant Commissioner of the Wisconsin Bureau of Labor and Industrial Statistics, for aid in preparing this account of the Milwaukee plumbers.

The headquarters of Patrick Coyle, then the president of the international union, were transferred to Milwaukee. The Union had been paying married men ten dollars a week and unmarried men six dollars during the pendency of the strike from its benefit funds. It now advanced from its coöperative fund the money necessary to start the business.

The coöperative shops began with thirty-five journeymen and seven helpers. Ten unmarried strikers had gone elsewhere for work, and a few others had obtained work in shops against which the strike had not been made. The new enterprise, therefore, provided for all the union men who were not elsewhere employed. The necessary license and bond were readily procured, and on June 22nd the coöperators opened four shops in different parts of the city. The president of the international union assumed the general management, in conjunction with an executive committee chosen by the men, and a foreman and an assistant foreman for each shop were appointed by the executive committee.

In spite of the efforts made by the master plumbers to prevent the coöperatives from obtaining materials and patronage, the new undertaking was an immediate success from a business standpoint. For the period of nearly two years since the shops were opened there has been no dearth of work, and no member has lost a single day unless by his own choice. The coöperative company's business for 1886 aggregated nearly $70,000. This figure should be considered in connection with the fact that labor constitutes nine-tenths of the cost of plumbing. Coöperation has quite revolutionized this line of business in Milwaukee. The city records show that in 1886 the coöperative company obtained more plumbing permits from the Board of Public Works than all other shops combined; and there seems no doubt of the further fact that it secured the contracts for plumbing a majority of the larger and more important buildings.

The Milwaukee public may well sustain this coöperative enterprise, inasmuch as it has reduced the cost of plumbing fully thirty-three per cent. The current impressions as to the extortionate charges of plumbers have a foundation in fact. "Many a plumber has grown rich upon the labor of a half-dozen men, which accounts for the numerous small shops employing only two or three men, the 'boss' nevertheless being able to superintend the work in his carriage." The Milwaukee coöperators now include fifty-six men,[1] seven of whom are apprentices. Previous to the establishment of the present association, these same men, or a like number, were managed by no less than ten bosses and ten foremen. The bosses, who were merely ornamental and maintained at a great cost to the community, are now dispensed with, and four foremen suffice to superintend the work of fifty-six plumbers, the foremen themselves working with their hands and getting only ordinary pay. The only salaried officer is the president of the international union, who, while acting as manager of the coöperative company is also foreman of the central shop. This economical organization of industry is not only advantageous to the men themselves, but obviously it is of large and direct benefit to the public. It has compelled the old shops to adopt a much less luxurious mode of doing business. There are, I am informed, nineteen of these old-time shops still existing in Milwaukee, "representing about fifteen practical plumbers, the majority of the bosses themselves working. Outside of the bosses there are not quite a dozen journeymen in the city. They are, however, making them fast out of apprentices." This testimony that the Milwaukee master plumbers are reduced to the necessity of toil is an interesting tribute to the success of coöperation. The reduction of one-third in the cost of plumbing still leaves a reasonable profit, and the coöperative company obtains for its work prices that are remunerative and satisfactory.

For certain technical reasons, the company has not yet become incorporated, and I am not minutely informed as to the details of its organization and management. The money invested by the International Union is in the nature of a loan. Mr. J. P. Donelly, who is now the president of the Union, manages the company's business and represents the Union's interest. Ultimately, the workmen will repay the loan and the entire control of the business will revert to them. At present they draw seventeen dollars a week as wages, and permit a considerable surplus to be paid into the treasury of the International Union, towards the extension of the business and the replacement of the capital advanced. Profits thus far have been used in the accumulation of capital, each member being duly credited. All surplus, after payment of wages and other expenses, is apportioned upon the books of the company on the basis of wages. There has been no issue of stock, and investments of capital have no consideration in the distribution of profits. Excepting a collector and a book-keeper, all persons connected with the company are practical plumbers. The chief advantage thus far gained by the workmen has been that of constant employment at remunerative wages. In the early future they may expect to have their incomes enhanced by considerable profits from the ownership of one of the most extensive plumbing establishments in the country, with a capital of many thousands of dollars.

---

[1] March, 1887.

The International Union has established a large store in connection with the shops, in which is carried a heavy stock of the plain and ornamental wares pertaining to the plumbing business. The store is conducted as a department of the business of the "Coöperative Plumbing and Gas Fitting Company," all profits going to the members.

No difficulties, so far as I am aware, have been encountered in the conduct of this important enterprise. The men are fully satisfied, and none have withdrawn. Wages are adjusted by the executive committee, chosen by vote of all the members. The aid and surveillance of the International Union has doubtless been of great advantage, but it is not to be understood that the Union has stood in the place of an employer or "boss" to the men. It has been rather a patron and a surety. The members are not deprived of liberty in the management of their affairs, and feel no restraint from the connection with the Union, yet that connection is of very essential importance to their enterprise. It has been maintained wholly in their interest, and will not be dissolved until it is mutually agreed that the plumbers of Milwaukee are fully competent, financially and in all other respects, to carry on a large business, successfully and permanently, on the coöperative plan.

The plumbing trade seems to me to afford a peculiarly inviting field for coöperation. The wealth-absorbing "boss" really seems to perform no important function. He has no knowledge of plumbing which his foreman lacks, or which all journeymen ought not to have. Coöperation in this line is not subject to the managerial difficulties encountered in a manufacturing business where the margin of profit is uncertain, where the market is varied and often very distant, and where a high order of business talent is requisite. Nor is it subject to the difficulties in wage-adjustment which arise where there is large subdivision of labor. It has the further advantage of requiring small outlay of capital, either in shop plant or in materials. Labor is the chief element of cost in the finished product. Furthermore, no originality, inventive genius or trained proficiency in sanitary engineering is required. That is all supplied by others. Plans are furnished by the architect, and those plans in most cities must be approved by a public building inspector or some corresponding official. The plumber bids for the job as called for in the plans. The public is protected by an official test of the work when completed. In all this there is nothing whatever to require the intervention of a boss. He is a costly incubus, and his removal gives the working plumbers, acting for themselves, a decided advantage in competition with shops which still have to support bosses. This advantage is so marked that it is not easy to see how any group of practical plumbers organizing cooperatively in any American city, can do otherwise than succeed, if they observe the ordinary rules of business and association. It is to be hoped that the International Union will follow up its brilliantly successful experiment in Milwaukee with similar undertakings in other cities, or else that the local Unions may prepare on their own responsibility to attempt coöperation.

THE MILWAUKEE COÖPERATIVE COOPERS.

It has been fairly proven at Minneapolis that productive coöperation is applicable to the cooper trade. Extensive breweries, flour mills, meat packing establishments, cement works and other industries which require barrels, give work in Milwaukee to cooper shops employing several hundred men. It would be to the great advantage of these journeymen coopers if they should all organise themselves into coöperative associations. A beginning has at length been made, and it may reasonably be expected that other groups of Milwaukee coopers will soon follow the example of the men who are successfully conducting the "Coöperative Barrel Works." Through Mr. Matt. J. Simpelaar, who represents at Milwaukee the State Bureau of Labor Statistics, I have obtained the following statement from Mr. Leopold Ries, president of the barrel works:

"We organised about October 1, 1886, after almost a year of deliberation. Our capital stock is $10,000, of which twenty per cent. is paid in under the laws of the state. We have now altogether twenty-two shareholders, who are all working, some of whom have paid in their full share of one hundred dollars, others seventy-five dollars, fifty dollars or twenty-five dollars—sufficient to make the requisite twenty per cent. The men look cheerfully to the future. We pay the union price upon all labor, and the surplus is put into a fund from which to declare our dividend, if any, after paying the running expenses. We have bought four lots on Vliet street, between Nineteenth and Twentieth streets, for $4,300, and are now building a shop of sufficient size to employ forty men, and which will cost $2,000. We levy an assessment of two dollars per month upon every member to pay interest and taxes. At our last regular meeting a resolution was adopted to limit the number of members to fifty. We have been very lucky in obtaining contracts, and the ready money upon delivery of goods facilitates our work greatly. There is a trifle more profit in brewery work than in provision cooperage, because in the former all work is made 'from the rough.' We receive one dollar and twelve cents for every pork barrel, of which we pay thirty-two cents for the making, two cents for delivery, and seventy-six cents for ready material, leaving a net profit of four cents per barrel. The mortgage upon the lots in the name of the society is payable in four years from January 1, 1888. One hundred dollars has been paid in cash. Our undertaking has quite demoralized one of the leading shops, as the contractor could not fill his contracts for want of men. We expect to occupy our new shop about April 1. At present we rent a shop located at 716 Lloyd street."

The printed by-laws of this association do not specify the manner of distributing dividends. It is provided that each member shall hold a single share of capital stock (one hundred dollars), and that all additional shares shall be held by the company in common. Experience must be awaited to show whether such a plan is better than that of the Minneapolis shops, where the members are equal stockholders but have issued to them in shares their full portions of the accumulated capital of the company. The latter plan facilitates settlement upon the withdrawal of a member, and makes it a perfectly simple matter to determine the basis upon which a new member may be admitted. The Milwaukee shop is soundly organized and prosperously under way, and it can readily adopt any minor changes in its constitution that its experience may find to be desirable.

OTHER INSTANCES IN WISCONSIN.

Besides the plumbers and coopers of Milwaukee, there are no large cooperative associations engaged in productive enterprises, so far as I am aware. In 1886 the Standard Art Glass Company of Milwaukee, manufacturing fine articles of flint-glass table-ware and novelties, was organized upon a cooperative basis. It had been unsuccessful in the hands of previous proprietors. I am unable to learn anything of the present condition of the company. In St. Croix county the "Hudson Barrel Company," including only four or five men, has been making flour barrels on the coöperative plan for two or three years, to the entire satisfaction of the members. The Menominee "K. of L. Ice Company" is a coöperative venture which has been engaged for two seasons in the storage and sale of ice, and is said to be in a condition of growing prosperity. The present year finds the labor organizations of Wisconsin, as of other Western states, freshly interested in coöperation, and devising various undertakings, both mercantile and industrial, of which it is too early to write anything.

BUILDING AND LOAN ASSOCIATIONS.

The laws of Wisconsin make ample provision for the organization of coöperative building and loan associations, and describe with quite unnecessary minuteness the methods to be followed by such societies. But only a beginning has been accomplished by them as yet in that state. Mr. Flower gives a list of ten associations, of which two are in Milwaukee, three in La Crosse, and one each is in Appleton, Madison, Oshkosh, Sheboygan, and Chippewa Falls. None are more than five years old. The "Mutual Loan and Building Association" of La Crosse was organized in 1883. It has three hundred and sixty-three members, has loaned $83,000, and has enabled one hundred and forty-six borrowers to build homes—an exceedingly creditable record. The "Provident Loan and Building Association" of the same city was established in 1884. It had three hundred members, had made loans of $44,750 to sixty-eight borrowers, and had enabled thirty-nine members to build homes at the time, in 1886, when its report was made to the Bureau of Statistics. The third La Crosse association was formed in 1886. The largest association in the state is the "Mutual" of Milwaukee, which, although organized as recently as 1884, was able to report in 1886 a membership of seven hundred, and loans aggregating $190,000 made to one hundred and eighty borrowers, all of whom had been enabled to build homes. The "Savings and Investment Association" of Milwaukee devotes itself more particularly to the object of aiding workingmen to procure building lots at a low price. It was organized in 1883 and had four hundred and eighty-seven members in 1886, having loaned $87,000 to two hundred and eleven borrowers. It had sold five hundred and sixty-one building lots at an aggregate price of $104,195.34—less than five hundred dollars per lot, and thirty-three houses had been erected on the lots sold. Of the ten associations mentioned, one was established in 1882, two in 1883, two in 1884, two in 1885, and three in 1886. The movement is evidently a growing one, and its rapid extension may be predicted with the utmost confidence.

PROFIT-SHARING IN WISCONSIN.

The only manufacturing establishment in Wisconsin, so far as I am aware, which has adopted a system of profit-sharing, is the "Hoffman [illegible] Billings Manufacturing Company" of Milwaukee, employi[illegible]bout two hundred men in the business of an iron and br[illegible] foundry. On April 21st, 1886, the following letter was addressed to the employés of the company:

> "Beginning with January 1, this year, we propose to divide the profits made in our business upon the following basis: After allowing seven per cent. interest on actual capital invested, the remainder will be divided equally upon the total amount of wages paid and capital employed. Our pay-rolls for the year will amount to about $125,000, which would receive about one-quarter of the net profits. Each employé will get his proportion according to the amount of wages paid him for the year. This will apply to employés who have served this company six months or over within the year, and who have not been discharged for good cause. To make the proposition binding, we will draw up a legal contract to that effect, and deliver the same into the hands of a representative of our employés whom they may see fit to elect."

The proposition was made at the time when the great eight-hour agitation of the spring of 1886 was engrossing the attention of the employés of the Hoffman and Billings company. The organizations of workingmen engaged in the short-hour movement forbade the acceptance of the proposition. Some weeks later, when the eight-hour strikes had run their unsuccessful course, the offer was renewed and accepted. The men work fifty-five hours a week instead of sixty, and receive full wages for the ten-hour day maintained by rival establishments, and the company seems to regard the reduction of hours as resulting in unmitigated loss, since "the men work no more faithfully—earn no more in a given time than before." Under date of March 21st, 1887, Mr. J. B. Kalvelage, secretary of the company, writes me as follows:

> "As a result of last year's profit-sharing, we are enabled to pay a dividend of one per cent. on amount of wages paid. Our pay-roll foots up about $120,000, which will necessitate us paying to employés about $1,200. This is in accordance with the profit-sharing scheme proposed last year—after paying seven per cent. to capital employed, the remainder of profit, if any, to be divided equally upon amount of wages [and capital?] paid during the year. We are now paying the dividend thus declared, and of course cannot speak from experience yet. We hope our employés will do their duty towards the firm, and if that point can be gained, it is all we can reasonably ask or expect."

I infer that the experiment is to be continued. The tendency of profit-sharing towards increased fidelity and interest and an improved *morale* among employés is unquestionable, and the Milwaukee establishment may expect in good time to realize satisfactory results if the plan is persisted in.

Since the beginning of 1880, *Der Herold* company of Milwaukee has pursued the policy of paying the printers who have been in its employ five years a "bonus" of five per cent. upon the earnings of the fifth year, and a like dividend upon the aggregate piece-work wages of every subsequent year. In 1880 very few employés were entitled to the dividend, but the number has increased every year since. About twenty-four piece-work compositors are employed by the company. Mr. W. W. Coleman, president of *Der Herold* company has also instituted among the employés of the establishment a mutual aid society, which pays five dollars a week to members in case of sickness. Membership dues are only twenty-five cents a month, Mr. Coleman contributing to the fund a sum equal to the aggregate amount paid by the members. When a death occurs each member pays a special assessment of one dollar, and Mr. Coleman adds an amount equal to the total of the assessments, for the benefit of the family. An assessment half as large is paid when a member's wife dies. When the treasury of the aid society contains more than five hundred dollars, dues are suspended until the fund has decreased to two hundred and fifty dollars. And for the past two years no dues have been required. Mr. Coleman's simple but generous provisions for the welfare of his German printers and their families are highly commendable.

THE NEW COÖPERATIVE LAW.

Practical inconvenience had been suffered by groups of men endeavoring to associate themselves in coöperative enterprises in Wisconsin, on account of the lack of suitable laws. Mr. Frank A. Flower, the state commissioner of labor and labor statistics, drafted a bill to meet this want, and with some amendments it was enacted into a law by the legislature of the present year, 1887. It is believed that this new law will facilitate the progress of coöperation.

COÖPERATION IN IOWA.

The various and important ways in which the public-land system of the United States has affected the distribution of population and the social and industrial life of the Western states, have never been adequately studied. The normal size of a farm in the states of the Mississippi valley is one hundred and sixty acres. The reasons are to be found in a series of laws dating back more than a hundred years, interwoven with the unwritten customs which have grown up as an important part of American farm economics. One obvious effect is a life of comparative isolation, the farm houses being half a mile apart on the average. This isolation has fostered economic independence. It has imposed physical limitations upon organization or coöperation for productive purposes. Opportunities for the division or exchange of labor and the joint engagement in enterprises of common interest and advantage, such as the village system of Russian and German agriculture affords, are scarcely within reach of scattered American farmers. What triumphs of coöperation might have been achieved on the Western prairies under a village system of farming, is a merely speculative inquiry. But coöperative tendencies, actually visible to the discerning observer, may well lead to the belief that isolation has prevented various developments of coöperative activity which otherwise would have appeared. In the construction and maintenance of free public highways and bridges, and in the support of free common schools, each farming community has shown coöperative spirit and used coöperative methods. The township governments have their coöperative aspect. Besides conducting elections, administering tax laws, and exercising police authority, they are endowed with various functions, of a more or less important nature, touching the industrial interests of the community.

The early settlers of perhaps nearly the entire eastern half of Iowa were leagued together in local associations of a coöperative character for a definite and paramount object. They had entered what is now Iowa in advance of the government surveyors, and in disregard of laws forbidding settlement upon public lands unsurveyed and unsold. The people of each neighborhood formed voluntary land leagues or claim associations. These organizations prescribed a uniform size for the "claims" in their respective districts, the limit being one hundred and sixty acres in some associations, and twice or thrice as much in others. Records were carefully kept, and the transfer of claims was permitted. Valuable improvements were made by the "squatters." Towns and villages sprang up, and some of the land upon which they were built acquired a high value. Between 1830 and 1840 more than 25,000 people made homes upon unsurveyed public lands in Iowa, and trusted to the land associations to protect them in the possession of the farms they called their own by right of occupation. Eventually the land was surveyed and sold at auction by the government to the highest bidder. The survey lines, of course, did not coincide with the boundaries of the claims; but each association adjusted all difficulties among its members and assigned to every one his tract. On the day of a land sale in any locality, the association turned out in force and bid in each parcel of land at the minimum price, one dollar and twenty-five cents per acre. Effective means were used to prevent outside persons from bidding. The associations were remarkably successful in achieving their objects. Their arrangements anticipated by many years the homestead and preëmption laws of the United States.[1] They existed in Minnesota and other states as well as in Iowa. Few of their record books have been preserved, and the fact of their being is almost forgotten. Yet their influence was felt long after their dissolution, and it could not have been otherwise. For several years tens of thousands of pioneer farmers held their homes by no other title than that given by membership in what we may call coöperative land associations; and they must needs have learned lasting lessons of organization and tinued action.

---

[1] The claim associations of Iowa are described in Professor J. Macy's monograph, "Institutional Beginnings in a Western State," No. VII. in the second series of Johns Hopkins University Studies in Historical and Political Science, Baltimore, July, 1884.

The era of pioneer occupation was followed by an era of railroad building. The farmers were eager for access to the markets of the world. The men who had acted together in the claim associations again acted together in securing railroads. They cheerfully voted enormous subsidies, frequently amounting to an assessment of five per cent. or more on the value of their property, to secure railroad facilities. And sometimes, when the railroad companies had not fairly earned the bonus, these sturdy farmers resisted the payment of the subsidy bonds with the same determination, spirit, and ingenuity that had characterized the operations of the land leagues.

All these experiences were leading up to the granger movement. The farmers had learned to act together and as a class. The railroads, built with the subsidy funds the farmers themselves had contributed, or with public land grants, exacted rates which kept the farmers impoverished. It would not be in keeping with the purpose of the present work to dwell in detail upon the great contest waged by the grangers, or Patrons of Husbandry, against the domination of the railroads. The grange movement was crude and somewhat blind; but it was powerful, and its salutary effects are important and will have lasting recognition. It was the leagued farmers of the West who established the principle of railroad regulation, and inaugurated the new era which is bringing corporations under a stricter accountability to the public. The grange movement, rightly viewed, was eminently successful, and that success was a triumph of coöperation in the broad sense of the word. The farmers of the West were, as a class, in doleful circumstances during the decade following the war. Their condition may be summed up in the statement that they were buying in the highest markets and selling in the lowest. Their farms were mortgaged and they were paying extortionate rates of interest. Crops were large, but local markets were undeveloped, and railroad rates to distant markets cut prices down to cost of production. Farm machinery was bought at ruinously high prices, and paid for with promissory notes at the highest interest rates, which were often made liens on the farms. Diversified farming was not customary, and dairying and stock-feeding were as yet undeveloped interests. Crops were often mortgaged long before harvest-time, and the pressure of tradesmen's bills and mortgage debts necessitated the immediate sale of the grain at any price. The credit system put the farmers at great disadvantage in their purchases. Fuel dealers, grocers, hardware and dry goods merchants in the trading towns and villages along the railway lines had one price for their town patrons and a higher price for the farmers. It was a decade of large profits for all the so-called "middlemen,"—the grain-buyers, the agents for implements and machines, merchants in all lines. And especially it was a time of unjust discriminations and greedy, irresponsible exactions on the part of the railroads.

Grangerism was intended to remedy this evil state of things. Mr. William Saunders, employed in the Agricultural Department at Washington, was the originator of the order in 1866, and the first Master of the National Grange. Largely through the missionary labors of Mr. O. H. Kelly the movement took on strength in the West, Minnesota leading in the organization of local granges. At the end of 1871 there were only about two hundred local granges in the whole country, and perhaps half a dozen state granges. But the seed had been sown. A year later there were thirteen hundred, or more, local granges, at the end of 1873 nearly ten thousand, a year later twice as many, and when the movement reached its zenith at about the beginning of 1876, it is claimed that there were no less than thirty thousand local granges in all the states and territories of the Union, with a total membership of 2,500,000, of which a large proportion were in the Western states. The order of Patrons of Husbandry still exists, and in some localities it is not without large influence. But its chief mission was a temporary one and has been fulfilled. The most memorable meeting ever held by the National Grange was that of December, 1874, in St. Louis. The "Declaration" adopted at that time fairly stated the objects of the order. The following is a quotation from that document:

> "We shall endeavor to advance our cause by laboring to accomplish the following objects: To develop a better and higher manhood and womanhood among ourselves; to enhance the comforts and attractions of our homes, and strengthen our attachments to our pursuits; to foster mutual understandings and coöperation; to maintain inviolate our laws; to reduce our expenses, both individual and corporate; to buy less and produce more in order to make our farms self-sustaining; to diversify our crops, and crop no more than we can cultivate; to condense our exports, and discontinue the credit system, the mortgage system, the fashion system, and every other system tending to prodigality and bankruptcy. We shall avoid litigation for arbitration when possible, working together, buying together, selling together, and acting together for our mutual protection and advancement."

The effect of the grange upon the condition of western farmers was almost electrical. Each local body, with its frequent meetings in the neighborhood school-house, was an institute of husbandry and domestic economy. The young people, as well as the farmers and their wives, attended the meetings and participated in the exercises. These gatherings in themselves were a most important form of coöperation. They inculcated thrift and thorough, intelligent methods of farming. Better and more experimental farmers gave others the benefit of their superior knowledge. The meetings of the grange distinctly improved the moral, social, and intellectual life of the rural community.

The direct economic benefits of grangerism were very large, not only in the aggregate but also for each local society. The Order undertook at once to enable its members, by coöperative action, to buy and sell at the best possible advantage. They discovered immediately that there was power in union. They had been so dependent and defenceless that it gave them a new sense of dignity and worth to find themselves solicited and sought after. No principle was more strenuously insisted upon by the Order than that of buying for cash. All kinds of purchasing and distributing agencies sprang into existence. Farmers became familiar with prices and business methods. Commodities like lumber and coal, those prime necessities of prairie farmers, were bought at greatly reduced rates through the influence of the grange. Agreements were made between particular granges and local merchants by which the farmers bought their goods at stipulated prices, or on a certain low margin of profit. I have seen no better account of these trading methods introduced by the rural granges than an old Iowa granger gives in a quaint letter from which the following is an extract:

"When the grange started it seemed as though the railroads and traders were getting about all the benefits of the farmers' labor. We were selling corn for fifteen cents per bushel and paying about fifteen cents per pound for sugar. We were going in debt for carloads of farm machinery, and letting it stand in the fence-corners to rot. So between the extortion of the railroads, the middlemen, and our own wastefulness, we were getting in a bad shape. So when the grange came we were ready to join anything that promised us any relief. One of the obligations on joining was to house our implements and take good care of our stock. Of course, every one knew that was the right thing to do before, but a little discussion of the matter brought it fresh to our minds, and, 'as iron sharpeneth iron so does the countenance of a man that of his friend.'

"Our first plan of coöperation was to pay cash and offer our whole trade to one man in a town, provided he would sell at a small profit, say ten per cent. We had no trouble in finding merchants who would agree to that. But we soon found trouble, for other merchants were not going to be outdone, so they would put their goods down below our price, and then some of the grangers would go there and buy. This soon broke up our boycott business. But as soon as it became known that the grangers proposed to pay cash for their goods, we began to receive circulars from Chicago and elsewhere offering to send goods to the agent of any grange subject to examination before paying for them. Then we began to buy our goods this way. We went at it very carefully at first. Our agent would bring the goods to his house, and then we would meet and examine them and send the money. But we soon got acquainted with our merchants, and learning more of the ways of honorable business we saw they could not afford to cheat us, so we began to send the money in advance and get a little discount, generally enough to pay the freight. In all of our trading for the last twelve years I have never known a case where the merchant did not do all that he agreed to. Now this began to pierce our middleman in a vital part. If he put his goods down below our price it did not hurt us. We had none to sell, but would buy of him. So he had to just quietly submit or go ahead pounding the wind. Then he began to reason the case with us. He said we were building up Chicago and tearing down our own towns by sending our money away to buy goods, and that we ought to keep the money here to help build up our own country. We had to admit that this argument was unanswerable, but that we had been discussing the subject in the grange and we could not get the idea into our thick skulls why it was so much worse for us to send the money out of the country than for him to; and as to the profits, we had concluded it was much better for the country that we had them than him. As for tearing down the towns we were very sorry for that, and would gladly have it otherwise, but we were too poor now to buy a master. But if he was able to buy one we would sell him his next batch of apples at one dollar per bushel instead of his sending to Michigan for them at seventy-five cents. I am sorry to say his love of country never materialized. This is about all the experience I have ever had in coöperation. Although we have no grange here now, our people still keep posted in prices and buy to the best advantage. Of course the grange never accomplished as much as some expected, yet it did a vast amount of good in introducing the farmer into the ways of business."

In some neighborhoods grange coöperation took on more advanced and elaborate forms than are described in the letter quoted above. Contracts with local merchants and implement agents for special rates seldom proved satisfactory to either party for any length of time, and in a large number of towns the grangers established stores of their own. Mr. E. Snow, of Grinnell, Iowa, who was a grange-master and the manager of the most successful of the Iowa grange stores, is of opinion that more than fifty were in existence at one time, between 1875 and 1880, in his state. Few of them were long-lived. They met a temporary want, and one by one lost their coöperative organization. The force of the grange movement had spent itself, there was left no enthusiasm and class feeling upon which to base the coöperative mercantile ventures, and the desirability of their maintenance from the pecuniary standpoint did not seem to impress very many farmers. The stock passed into a few hands, and the original organization disappeared. I am led to believe that very few of the granges fully understood the conditions of success in mercantile coöperation. If their stores had been conducted on the English plan and in the spirit of the English coöperators, they would have been permanent and would have achieved great things. Taking them altogether, their success was indirect. While they lasted they regulated prices. They trained the farmers in business methods, and taught them how to trade advantageously. They marked a brief period of transition. Before that period the farmers had been struggling for existence, while the "middlemen," i. e., the tradesmen in the towns, had been prospering amazingly. At the end of the period the farmers were growing wealthy, at least in comparison, while the tradesmen were waging a fierce competitive battle for a livelihood. The day of large profits in retail business was gone forever. The farmers could afford to deal again with the "middlemen."

Early death was not, however, the fate of all the grange stores. Several are in existence in Iowa to-day. The one at Grinnell, known as the "Farmers' Exchange," was projected in the fall of 1873, dissatisfaction having arisen with arrangements made a year or two before between the grange and one or two Grinnell merchants. The store was opened in January, 1874, Mr. E. Snow, master of the grange and a man of unusual business ability and experience, taking charge as agent. The initial paid-up capital was $1,000. The amount paid in eventually reached the sum of $3,800. The present paid-up capital stock is $15,000, in shares of twelve dollars and fifty cents each. All above the $3,800 represents earnings. The original restriction of membership to Patrons of Husbandry was removed in 1878. There were formerly as many as one hundred and twenty stockholders. The present number is about eighty. Control is vested in a board of directors and an agent, or manager. No limit is placed upon the amount of stock a member may own, but the small holders are protected by the voting arrangements. Each shareholder has one vote in his individual capacity, and one additional vote for every three shares of stock; but no member shall cast more than twenty votes. There are 1,200 shares of stock outstanding and eighty members. Evidently the membership vote is strong enough to protect the smaller holders against the dangerous domination of the stock vote. Profits have gone to the stockholders in proportion to their investments. Distribution in proportion to purchases has never been practiced (except indirectly, as noted below), nor has that valuable principle been generally recognized, so far as I am aware, in grange stores. Until 1885, the Grinnell store paid dividends in the form of new stock issues, retaining the profits as additional capital. For the year 1885 a ten per cent. dividend was declared and paid in goods. The year 1886 was less prosperous, and only five per cent. was divided. In the earlier days, when the capital was small, the rate of profits was very high. Mr. Snow says that in the first year, after reducing general prices in town at least ten per cent., the grange store made a dividend of twenty-five per cent., followed in successive years by dividends of forty, twenty-five, fifteen, and ten per cent. Recently the "cash card" system has been in use, which may be said to involve the principle of a dividend based upon the amount of purchases. The card costs twenty dollars, and is punched as purchases are made. The holder obtains an extra dollar's worth of goods. This may be regarded as a five per cent. premium upon purchases, and is a departure from the former practices of the store. The yearly sales of the Farmers' Exchange of Grinnell are given as about $44,000. The original attempt to do a strictly cash business has been abandoned, but credits are given cautiously and conservatively. During its existence of more than twelve years, this store has been the most stable mercantile establishment in the town. It has constantly acted as a regulator of prices, and has, directly and indirectly, saved the farmers of the vicinity scores of thousands of dollars. Its success has been due in very large part to the superior management of Mr. Snow, who remained in charge until 1886.

The attempt to gather detailed facts about all the "grange stores" which once existed in the state, would be attended with more labor than profit. It is the opinion of sagacious men that they served a useful purpose while they lasted, and that they are not to be set down as failures, merely because they lost their coöperative character after a few years. It may be safely said that the facts would show that a great majority of them accomplished such local results as justified their existence. The more fundamental cause of their disappearance was the passing away of the conditions out of which they grew. The immediate, visible causes of course were various. Mr. Snow suggests two sententious epitaphs for all these defunct attempts at coöperation: "1. Died of a board of directors. 2. Died of an incompetent agent." There is a volume of wisdom and experience compressed in these two epitaphs. Inharmony and mismanagement have proved fatal to hundreds of coöperative undertakings.

The impetus of grangerism is to be credited with having hastened the development of diversified and profitable forms of agriculture in Iowa. In many communities, where the farmers had grown and sold grain almost exclusively, coöperative cheese-factories were established under grange auspices, and stock-feeding and dairying encouraged in every way possible. The "creameries," or butter factories followed the cheese factories. Comparatively few of these dairying establishments now have the coöperative form of organization, although there are a number of exceptions. Thus, I am informed that of twelve or thirteen cheese factories in Monroe county, a majority are owned by coöperative societies of farmers, the others being organized as ordinary joint-stock companies. "But, in either case," says my informant, "the milk is invariably worked on commission. Each factory employs an experienced man to manufacture the cheese, and a salesman to market the product and collect the money. Dividends are made monthly. The non-stockholders who furnish milk, are required to pay a small royalty to help defray incidental expenses, and pay the stockholders a small per cent. on their capital invested. This plan of conducting factories here has been in the main satisfactory, and a source of profit to those engaged in them. By this coöperative plan almost any community of farmers can raise the means to build a factory, and from one hundred to three hundred cows will furnish the milk." Iowa has become a great dairying state, and has hundreds of cheese and butter factories. However owned or managed, these establishments are in spirit and effect coöperative. Generally speaking, it may be said that they have been built with capital furnished by the farmers of the neighborhoods where they are located, and that the benefits are shared by the farmers in proportion to the extent of their patronage.

More permanent and prosperous than any other form of coöperative effort inspired by the grange movement, have been the farmers' mutual fire insurance companies of Iowa. They have been an unqualified success from the very first, and have steadily increased in number and in volume of business. The companies are all, or nearly all, organized upon a county basis of membership. They do business under provisions of a law enacted in about the year 1873, which authorizes any number of persons, not exceeding two thousand, to make mutual pledges, and give valid obligations to each other for their own insurance from loss by fire or death. "Such associations of persons shall in no case insure any property not owned by one of their own number, and no life except that of their own members," and they "shall receive no premiums nor make any dividends." The movement had begun, however, previously to the enactment of the law. The Farmers' Mutual Insurance Company, of Clayton county, was organized as early as 1866. Three more were founded in 1867, one in 1868, two in 1869, two in 1870, three in 1871, and five in 1872. Seventeen were therefore in existence prior to the law of 1873.

Until 1879 these associations were not required to report to the state auditor, and I have no statistics showing their volume of business prior to that date. They were rapidly formed during the period from 1874 to 1878, and the auditor obtained reports from forty associations in 1879. The following table shows the growth and business of the coöperative insurance companies of Iowa for a period of eight years:

YEARS.	No. Companies Reporting.	Amount at Risk.	Losses Paid.
1879...	40	$14,577,220	$29,070
1880...	49	15,813,672	44,785
1881...	54	18,982,244	32,908
1882...	65	21,796,342	36,634
1883...	70	25,741,873	27,346
1884...	70	27,318,436	64,438
1885...	78	30,044,965	58,959
1886...	81	35,515,392	82,670
		$189,770,122	376,705

The annual loss rate has averaged less than one-fifth of one per cent. on the amount insured. The cost of adjusting losses and all other expenses average about one hundred dollars per year for each company. A fairly representative company is the "Poweshiek County Farmers' Mutual," organized in January, 1874, with headquarters at Grinnell. It was formed at the instance of Mr. Snow, and at the same time the grange store already described was opened. Mr. Snow has been its president from the first, and his salary is ten dollars a year, paid for services in approving applications, and reviewing and signing policies. A membership fee of two dollars is charged, and no other payment is required, excepting in case of a loss, when an assessment to cover the amount is made, with a trifle added to meet cost of collecting and contingent expenses. The association has now in force policies to the amount of about half a million dollars, all, or nearly all, written upon farm buildings in Poweshiek county. Mr. Snow states that the cost of insurance in this company has been less than two cents on the dollar for a period of twelve years,—an average of less than one-sixth of one per cent. per annum.

The companies continue to increase in number and in volume of business, and it is entirely reasonable to predict that there will soon be a hundred companies in Iowa, carrying policies aggregating $50,000,000. This insurance will actually cost about one-fifth of one per cent., or $100,000 a year. The same insurance, carried by the stock companies, would cost more nearly $300,000 a year. The auditor's report shows that the stock companies doing business in Iowa for 1884 took risks amounting to $191,957,673.89, upon which they received in premiums $3,101,946.60. They paid in losses $1,187,513.32. The surplus of $1,914,433.28, —which was nearly double the losses paid,—represents the sum which coöperative insurance would have saved for that year. Coöperative fire insurance, on the neighborhood plan, can hardly succeed in cities and towns, because the risk of a general conflagration is too great. But for detached farm property the coöperative plan is not only the cheapest by far, but it is also the safest. Its advantages are so obvious that they do not require any elucidation.

The farmers of Iowa are saving from one to two hundred thousand dollars every year by their coöperative insurance associations, and every county in the United States could effect an important saving through the establishment of such a company.

The Iowa companies are all organized on the same general plan. I have before me a copy of the constitution of the "Farmers' Mutual Fire Insurance Company of Jasper County," with headquarters at Newton. Its officers are a president, vice-president, secretary and treasurer, who, with one member selected from each township in the county, form a board of directors. All are elected by the members for terms of one year. The president, secretary, and treasurer constitute an executive committee by whom business is currently transacted. The directors represent the company in their own townships, and the adjusters in case of a loss are the resident director and the president and secretary. Appeal from these adjusters may be taken to a board of three arbitrators to be selected from the company. It is provided that no single risks larger than $4,000 shall be taken, and that the policy shall in no case exceed two-thirds of the value. The company does no business beyond the limits of Jasper county. The whole plan of organization and management is perfectly simple, yet safe and adequate. It should be remarked that these companies insure live stock, grain and all other personal property, as well as buildings, against loss by fire and lightning.

FARMERS' PROTECTIVE ASSOCIATION.[1]

It was in the year 1880 that the Washburn & Moen Manufacturing Company, of Worcester, Mass., succeeded in perfecting their monopoly of the barbed wire manufacture. Various patents had been issued, but most of them were regarded as without force, and wire was being freely barbed for fence purposes in a great number of small factories using hand machines, and in forty or fifty very large establishments, most of them using automatic machinery of one kind or another. Barbed wire fencing had become essential to the farmers of the West. It is estimated that the farmers of Iowa alone were buying 200,000,000 pounds a year. There was free competition in the market, and prices were accordingly reasonable. But the Washburn-Moen company had quietly bought up a number of patents, and had secured the re-issuance of the more important ones with broadened claims. Under these patents they claimed proprietorship of the principle of a barbed wire fence, as well as of important devices for barbing wire. Their claim was at length sustained by a federal court sitting in Illinois, and, upon the strength of this decision, they closed all the factories in the United States, and demanded back royalties to the extent of millions of dollars. They summoned the manufacturers of barbed wire to meet them at Chicago for settlement of back dues, and they there formed a great combination. Forty leading establishments were licensed to make and sell barbed fencing, the annual product of each firm being limited, the selling price being fixed by the monopoly, and a royalty upon every pound being exacted by the Washburn-Moen company. Retail prices were advanced to ten cents for common wire, and eleven cents for galvanized,—about three cents a pound more than the prices of the previous year, and an increase of forty per cent. This margin was equivalent to an annual tax of $5,000,000 or $6,000,000 upon the farmers of the single state of Iowa.

---

[1] I am indebted to the efficient secretary of this association, Mr. G. H. Crosby, of Grinnell, Iowa, for the facts given.

Such was the state of affairs in the early months of 1881. Practically all opposition to the combination had been crushed out. The large manufacturers were members of the combination, and the retail dealers in hardware received their regular profits and had no grievance. The small manufacturers could not afford to resist the monopoly. The farmers were the real parties in interest, and they determined upon vigorous resistance. As Mr. Crosby writes, "the farmers of Iowa never proposed to attack any legal or valid patent, but they were convinced that the wire combination was not founded upon any valid patent. It was within the knowledge of many that barbed wire had been made and used several years before any patent had been issued upon it, and that the decision which the Washburn & Moen Manufacturing Company had secured in their favor was not the result of a thorough presentation of the case. They believed that the patents upon which the monopoly was founded, having been enlarged when they were reissued, were therefore void." It remained for the farmers to make these opinions the views of the courts. Agitation, in which Mr. C. F. Clarkson, the veteran agricultural editor of the *Iowa State Register*, and ex-Lieutenant Governor Gue, the editor of the *Iowa Homestead*, took the lead, resulted in a mass meeting of farmers at Des Moines in April, 1881. An association was determined upon, and the plan was perfected at a meeting in June.

The objects of the "Farmers' Protective Association" were to supply its members and others with barbed wire, and to defend its members and agents against any claim for royalty or infringement. A membership fee of one dollar was charged, and annual dues of fifty cents were collected. County and township organizations, as auxiliary to the state associations, were provided for. A strong board of directors was chosen, and officers were installed as follows: M. L. Devin, of Des Moines, president; L. S. Coffin, of Fort Dodge, vice-president; J. H. Crosby, of Grinnell, secretary; and C. F. Clarkson, of Des Moines, treasurer. The association entered at once upon the coöperative manufacture of barbed wire. Instead of investing in a plant, it was deemed best to appoint, as the association's agent, a Des Moines manufacturer who had failed to obtain a license from the monopoly. It was arranged that he should furnish the association with wire upon an agreed basis, and the association pledged itself to defend all suits then pending and that might further be entered against him for infringement. The price agreed upon was six and a-half cents for the painted or common wire, and seven and a-half cents for the galvanized. "Three quarters of a cent a pound," says Mr. Crosby, "was added to the price of the wire and laid aside to cover any judgment for royalty or infringement that might result from the litigation, and another quarter of a cent for the expense fund, which made the wire one cent a pound higher to members than the contract price. This, however, was two and a-half cents per pound less than the price fixed by the combination. This one cent was afterwards taken off." The interesting story of the litigation that followed the establishment of the farmers' factory can not be told here in detail. A hearing in the case of the Washburn & Moen Manufacturing Company against Mr. Coon, the agent of the farmers, was to have been reached in the United States Circuit Court in January, 1882. The monopoly succeeded by secret negotiations in persuading the agent to permit a decree to be rendered in their favor without contest. He received a large sum of money for his unfaithfulness to the farmers. The Protective Association had not been made a party to the suit, and could only appear in court to enter protest and secure an order that the decree should effect no one besides the defendant, Mr. Coon. The effect of this transaction was greatly to weaken the case of the monopoly before the public, and the farmers were in no wise injured by it. A new contract was entered into with Mr. W. L. Carpenter, of Des Moines, who began at once to supply wire on the same basis as had been done by the Coon factory. Meanwhile an unlicensed factory had been growing into large proportions at Grinnell, Iowa, under the proprietorship of Messrs. J. E. and Walter Rhodes, and it had the endorsement of the Farmers' Association. A series of important suits brought by the monopoly were defended jointly by the Protective Association and the Grinnell Wire Company. The strongest patent, upon which the "broad claim" was founded, was the Glidden, which had been reissued and enlarged. In July, 1883, before Judges McCrary and Love, a thorough and exhaustive hearing was had, and the "broad claim" was defeated. This was one of the most important patent suits ever decided in the United States. It made barbed wire free, and left the monopoly in possession only of its various patented devices for manufacturing the article, or of peculiar styles of wire covered in their patents. This great victory was worth tens of millions of dollars to the farmers of the West, and the credit belongs to the Protective Association of Iowa and its plucky allies, the Rhodes brothers, of Grinnell. In January, 1885, the monopoly won a suit in Judge Brewer's Court, brought to maintain its exclusive proprietorship of the variety of wire known as the Glidden. The style is a favorite one, and the decision, which closed the large Grinnell factory, was a great disappointment to the farmers. However, the Court "allows the Association to continue the manufacture and sale of this style of wire by depositing fifteen cents per hundred pounds while awaiting the decision of the Supreme Court of the United States."

Mr. Crosby writes in January, 1887, that "the victory of the farmers in this contest has been more complete than the most sanguine anticipated. Barbed wire has sold at all points in Iowa for the past three years at from four to six cents a pound, or less than half the price fixed upon it by the combination when the Farmers' Association was organized, and it is as low as it can be manufactured at the present time. Some portion of this decline is due, under free competition, to cheaper iron and more rapid machinery for barbing; but it is but a small portion, and it is very doubtful, if the combination had held its power, whether the users of the wire would have received any benefit from it." The farmers' coöperative factory was chiefly valuable as a regulator of prices. As Mr. Crosby says, "the amount of wire made by the farmers' factory would have supplied but a small portion of what was demanded, but it was sold direct to the user, and every dealer in the towns of Iowa, knowing that his customers could send and get their wire from Des Moines at the advertised price, demanded of the combination that they furnish him with wire so that he could compete with the farmers' factory. The farmers' factory has dictated the price on wire fencing during the past five years." Mr. Crosby gives the membership of the Association as between four and five thousand, and attributes much of its success to the experience gained in the grange movement. The legislature in 1884 appropriated $5,000 to aid the Association in testing the validity of the wire patents. The organization still exists, although the work is practically completed. Its total expenditures have been only $16,617, and it has saved millions for the farmers of Iowa alone. Mr. Crosby's letter, to which I am indebted for an admirable and authoritative recapitulation of facts with which I was currently familiar, concludes as follows: "The Association has no definite plans for the future other than to follow the case now pending to its final decision, although that case is of small importance compared to the ones already decided. Having organized for one specific purpose, and having practically accomplished what it hoped to do, its founders have no disposition to attempt other work."

BUILDING AND LOAN ASSOCIATIONS.

There are in Iowa probably forty or fifty building and loan associations. The first was organized at Burlington in 1870. This was followed by an association at Keokuk in 1872, and one at Oskaloosa in the same year. The records in the office of the secretary of state show that associations at Columbus Junction and Riverside were incorporated in 1874; at Wapello, Morning Sun, Columbus City and Iowa City in 1875; at Red Oak, Valley City, Monroe and Creston in 1876; at Council Bluffs, Muscatine, Davenport, Des Moines and Indianola in 1877; at Ottumwa, Waterloo and Atlantic in 1878; at Fort Madison in 1879; at Riverside, What Cheer and Missouri Valley in 1880; at Lyons and Bonaparte in 1881; at Storm Lake, Fairfield and Le Mars in 1883, and at La Porte in 1884. Three associations were formed in Des Moines in 1877, and three more have since been organized. Several of the places named have more than one association, and it is probable that several other cities and towns not included in the above list now enjoy the benefits of these admirable coöperative societies. I have not obtained sufficient data to justify an estimate of the business done by the building associations of Iowa, but it is certain that they have provided homes for many hundreds of workingmen, and have performed a very creditable part in the building up of thriving towns.

OTHER COÖPERATIVE VENTURES.

Iowa has as yet accomplished nothing of importance in the field of industrial coöperation, and there have come to my attention no instances which would justify a detailed account. A significant impulse among workingmen is, however, apparent; and inchoate projects are numerous. In 1885 a coöperative merchant tailoring association was incorporated at Des Moines, and in December, 1886, the "East Side Coöperative Mining Company" began a business in coal mining. But I am informed that no measure of success has been attained by either venture. Until recently, industrial conditions have not been such as to stimulate attempts at productive coöperation in Iowa.

THE AMANA COLONY.

The coöperative village, with diversified industries based upon agriculture as the main industry, has been the ideal of many social reformers and is still the fond anticipation of not a few practical men. The communistic societies of the United States have, in strictness, no place in a book descriptive of coöperative enterprises; but the organization of industry and the domestic economy of a communistic society whose basis is agriculture, yet whose industrial life is varied and so far as possible complete within itself, may bear very importantly upon the question whether purely coöperative village life could be made feasible and profitable. Every trace of communism might be eliminated from the constitution of a society like Amana and coöperation substituted therefor, without visibly affecting the mechanism of social and industrial life. So radical a change in the *motif* of the association, which is held together by a peculiar religious creed, might cause rapid disintegration. But in outward form Amana is a miniature coöperative commonwealth; and some account of its structure and arrangements may be permitted, especially in view of the fact that from the standpoint of coöperation this particular society is by far the most important of the communistic groups of the country.

The Amana community occupies an irregularly bounded tract of land ten or twelve miles long and five or six miles wide, containing about twenty-six thousand acres, and lying on the line of the Chicago, Rock Island and Pacific Railway, principally in Iowa county, Iowa, at a point about midway between Davenport and Des Moines. The people are Germans. They came to America in 1842 and acquired a tract of land near Buffalo, New York, which they called Eben-Ezer. They are known as "Inspirationists," having come from a peculiar sect which originated in Germany early in the last century and which has much in common with the Quakers. They believe in the continuance of direct inspiration, and have generally possessed a religious head whose utterances were believed to be those of an inspired instrument. In Germany they did not attempt communal life; but after coming to this country they were directed by "inspiration" to have all things in common. Their land at Eben-Ezer was a tract of about eight thousand acres. They came from the thrifty middle class of German society, and brought with them much skill in certain kinds of manufacture. In order that the immigrants might do the sort of work they were accustomed to do, and still remain together, a coöperative organization became a practical necessity.

The deep religious conviction which was the bond that held them together as a peculiar people, made it easy to superimpose the communistic mode of distribution upon the coöperative organization of production. Every family contributed its capital to the common stock, in sums ranging from two thousand to sixty thousand dollars. Those who found agriculture distasteful were allowed to work in the woollen factory and the various shops. The society prospered steadily. It was soon found that more land was needed, and that it would be profitable to sell the valuable tract near Buffalo and acquire goverment land beyond the Mississippi. In 1855 a gradual migration to Iowa began, an excellent location on the Iowa river having been chosen. From time to time the domain of the colony has been extended by purchase until it now includes twenty-six thousand acres.

The present population of Amana is about two thousand, of whom nearly two hundred are hired helpers and their families, while more than eighteen hundred are members of the society. For the sake of convenient access to the land, the people are grouped in seven villages. For convenience in administration, all of the villages, and nearly all of the land owned by the society, have been included in one civil township. The villages, with their membership population given appoximately, are as follows: Amana, 550; East Amana, 140; Middle Amana, 400; High Amana, 140; West Amana, 220; South Amana, 200, and Homestead, 180. From the east to the west village the distance is about six miles. Homestead is a station on the Rock Island road. Amana (village) is on a new division of the Chicago, Milwaukee and St. Paul road. South Amana has two village centers a mile apart, one being on the Rock Island and the other on the Milwaukee road. The villages are all connected by good wagon roads and by telephone lines.

About five thousand acres of the colony's domain is timber land. Each village has assigned to it a definite area for cultivation and pasturage. The village is a social and industrial unit, for all ordinary purposes. The colony as a whole is governed by a board of thirteen trustees, of whom Amana, as the largest village and headquarters of the colony, chooses three, while two small villages elect one each, and the other four villages elect two each. This board manages all the general affairs of the colony. Each separate village is governed by a board of elders, the number varying from seven in the smallest village to eighteen in the largest. The village elders have spiritual as well as temporal functions, and they were formerly appointed by the inspired spiritual head of the colony. Vacancies are now filled by the central board of trustees, appointments being for life.

The elders order the industry of the village, appointing the foremen and designating the duties of individuals, always consulting their preferences so far as possible. The village work seems to proceed smoothly and harmoniously, the machinery of organization being never visible to the spectator. The central institution in each village is the "store," the small farming village of East Amana alone being without it. The store is a large general retail establishment, with a stock of groceries, dry goods, clothing, hats and caps, hardware, drugs, etc. Its book-keeping is very elaborate. Except in dealings with outsiders, the colonists do not ordinarily use money. Everything is done by a system of accounts which are kept at the store. The blacksmith shop and the carpenter shop have accounts against the farm department, which are duly recorded on the village books. Every family or adult individual has an account at the store. At the beginning of each year certain credits are allowed to all members by the village elders, and purchases against these credits are made at the store. All members take meals at village boarding-houses, in groups of perhaps forty or fifty. These boarding-houses maintain each their own dairy, are supplied with groceries from the store, with flour from the colony's mills, and with meat from the village butcher-shop. The villages are rather compactly built; with large, plain houses of wood, stone or brick, the latter material greatly predominating. Each family is assigned its house-room by the village elders. Most houses are occupied by more than one family. They are without kitchens and dining-rooms, a boarding-house being conveniently at hand for every eight or ten families. The stores are well-stocked and admirably managed. They have a very large outside patronage, farmers often coming for twenty miles to sell their produce to "the colony" and to buy their supplies from the fair-dealing store-keepers at Amana, South Amana, or Homestead. The store at South Amana carries a stock of goods worth not less than $20,000, and its annual trade is very large. The book-keeping for each of these villages is as perfect as that of the best-managed banks. It shows precisely what, in all directions, the village has produced in a given time, exactly what amount of its own productions it has consumed, just what has been sold to the other villages or marketed outside the colony, just what has been bought from other villages or from without, and just what the net gain or loss has been. At Amana, the central books of the colony are kept, and the accounts of the different villages are periodically cleared. The trustees are enabled thus to consider every feature in the financial situation of the colony. Balances between villages are not, of course, actually paid. The farming villages of East and West Amana may have suffered from a bad crop season or from cattle disease, and their income for the year may not equal their expenditures; while the manufacturing villages of Amana and Middle Amana, with two great woollen mills and the cotton print factory, may have made money handsomely. But profits and losses are equalized for the whole colony. The system of village industry only exists for convenience in organization; and no village suffers detriment or disadvantage from the fact that its resources may not be so productive as those of other villages.

Perhaps a further word should be said as to the method of distribution among families and individuals. First, the village elders provide shelter for all, taking account of the size and condition of families, and showing the utmost regard for the home sentiment and for reasonable preferences, and making no unnecessary stir on moving day. The simple furniture and stock of household goods are the private property of the families. The fruit of the numerous grape vines in the narrow door-yards and trellised against the house-walls, is appropriated by the occupants and is not accounted for. Besides furnishing shelter, the village provides excellent and abundant food for all, in the numerous boarding-houses to which families are assigned. In lieu of clothing and sundries, credits for fixed sums are allowed and each person or family provided with a pass-book and allowed to purchase what he pleases at the store or the village tailor shop. The customs and religious principles of the village prescribe a very simple and somber garb, so that the clothing allowances are not large. They vary in amount according to circumstances. Some kinds of work are comparatively destructive of clothing, and due recognition is given to all such facts. There is nothing punctilious or exacting about this distributive system. It is the desire that all shall be well sheltered, well nourished, and comfortably clad, and there is no suspicion of higgling or niggardliness. But luxury and vain display are religiously eschewed. The sick and the aged are always tenderly cared for, and there is visible no harshness among these God-fearing and honest people.

The purpose of this sketch forbids a detailed account of the industries of the Amana colony, but they may be briefly described. Most important are the two large woollen mills, one in the central village and the other in Middle Amana. The yarns and flannels of these mills are not surpassed, and are in demand everywhere in the country. The annual output is said to be worth about half a million dollars. The operatives are all men, and a majority of them are past middle life. They are as hale and interesting a body of old men as can be found anywhere. Long practice has given them great skill. They have a fine pride in the perfection of their goods, and quality is their first object. Their factories are supplied with excellent machinery. Everybody in them is industrious and cheerful, while nobody is overworked. I do not believe that so intelligent and well-conditioned a group of operatives can be found in any other factories on earth. A cotton print factory at the Amana village also produces a famous line of goods. The colonists brought with them from Germany a process of cotton printing and indigo dyeing. The durability of their prints makes the demand for them constant and large. Most of them go to wholesale dealers in Chicago, New York and Boston. At Middle Amana there is a starch factory and at Amana a soap factory, neither of which is very extensive. Fifteen or twenty years ago flour-milling was one of the leading industries of the colony. In those days Iowa was a large producer of wheat, and the new methods of milling which have built up flouring centers like Minneapolis were not in vogue. The colony had two large mills, and did a thriving business in the jobbing of flour. The mills still do some outside business, but are chiefly occupied with grinding for home consumption. The one at West Amana supplies three villages and the one at Amana supplies four. It is intended this year to rebuild the West Amana mill and equip it with rollers and the most recent machinery. There are saw-mills in four of the villages, but they do not manufacture lumber for sale. They are used only as necessity requires. At High Amana there is a tannery. There are machine shops at Amana and Middle Amana, and blacksmith and wood shops in all the villages. At South Amana and Amana there are lumber yards, which are patronized extensively by outside farmers. There are two or three grain elevators at the colony's railroad stations, and the grain or live stock of outsiders is freely purchased and shipped to the Chicago market. The head men of the colony are competent and prudent business men, and they manage their large business with system, skill and profit. They are noted for their upright dealings.

The income of the society is large enough to provide a comfortable living for all, and to permit the constant improvement of its noble domain. A canal six or eight miles long has been constructed at considerable expense in order to furnish water-power for the woollen mills from the Iowa river. A fall of fourteen feet is thus secured. There are several good bridges across the Iowa river, and many miles of fairly good roads connecting the villages with one another and with outside places. The telephone connects all parts of the colony. A flowing artesian well, 2,200 feet deep, has been sunk at Middle Amana. A plain but suitable church is found in every village, and also a good school-house. The dwelling-houses are solid and capacious. The barns and stables are excellent, and the supplies of farm machinery the best. The income of the society is thus absorbed in current expenditure and general improvements.

Advanced education is not appreciated at Amana. The people are not, as in the French Icarian community, readers and philosophers. They have clear, practical intelligence, but apart from the Bible and their own religious records (many volumes of which they have printed), they do not hold literature in high esteem. But they believe in a common education, and send all their children to their village schools. Life in the school-room begins very young and continues until the girls are thirteen and the boys fourteen. School keeps five and a half days in the week and fifty-two weeks in the year, and begins very early in the morning.

The teachers, of whom there are sixteen in the seven villages, are all men—typical old-fashioned German schoolmasters—and all members of the colony. Some of them have been teaching where they are for twenty or thirty years. Every school-house contains a large, sunny work-room, and the children spend part of each day in that room, boys and girls together, knitting and glove-making, under the instruction of women. Great loaves of fresh rye bread are brought to the school from the village bakery, and the master dispenses generous slices of bread and butter. German and English are both used in the schools—the latter somewhat painfully. The teaching is conscientious and thorough, in the old-fashioned way. The good old masters take pride in the fluent reading of their best boys and in the scrupulously neat copy-books of their best girls. The little girls all wear long dresses, small black caps, and diminutive shawls religiously pinned across their breasts, and they look very fresh-faced and pretty. The courtesy and good manners of the Amana children are worthy of special note. These schools are occasionally visited by the county superintendent and are accounted as belonging to the public school system of the state. The colony is given its share in the apportionment of the state school fund. It is a question whether these quaint old German teachers are not accomplishing better work than some of the ambitious graded schools in the large towns of the state. When they leave school at fourteen, the boys are assigned to some useful function in the community. The tastes and preferences of each boy and the opinions of his parents are, of course, consulted, and no practical difficulty is found in determining which boys shall farm, which shall be teamsters, which shall be mechanics, which factory operatives and which business men.

The population of the colony grows at moderate pace, chiefly from within. Occasionally a German family is admitted from without, but no accessions are sought, and most applications are refused. It is remarkable that so few old members become discontented and withdraw, and that so few, comparatively, of the young people, seek escape from the monotony of life in the colony. It would be impossible to find any other Western neighborhood, of like population, where changes are not five-fold, or ten-fold, more numerous. When occasionally a member does withdraw, he is paid the sum he originally gave to the society, or his legal share of the sum his parents may have deposited.

But otherwise he receives no portion of the accumulated wealth of the society, except what the trustees may voluntarily bestow upon him.

This incomplete sketch must of necessity leave unsaid very many things that should have place in a full description of life at Amana. It is a community in which crime is absolutely unknown. In deference to the laws and institutions of the state, the colonists go through the form of electing a justice of the peace and a constable for their township; but these officers have nothing to do. Pauperism, of course, is a term that has no meaning in a communistic society. The even and wholesome life of the colony is conducive to good health and great longevity. If there are vicious and ill-disposed persons in the colony, I have seen none of them and have heard of none. I mean, of course, such persons as would be regarded in any good community as bad members of society. I have seen in the colony no faces that excited distrust and dislike. The life is unquestionably promotive of moral excellence. The average of physical comfort is high, but it might easily be higher. The wants of the people are few and simple, and they do not aspire to "all the modern conveniences." Their intellectual standard also is low. They might have libraries and reading rooms, and a central high-school with the best appliances. But this is not what they want. They live under the restrictions of a narrow creed. Obviously their life has its unfavorable as well as its favorable side. There have been troubles and disagreements at times, undoubtedly. As society at large is now constituted, nothing could be more hopelessly impracticable, for general adoption, than the communistic program. But there is much in a community like Amana to strengthen faith in the feasibility of coöperation.

VII-VIII

THREE PHASES
OF
COÖPERATION IN THE WEST.

JOHNS HOPKINS UNIVERSITY STUDIES

IN

HISTORICAL AND POLITICAL SCIENCE

HERBERT B. ADAMS, Editor

History is past Politics and Politics present History — *Freeman*

SIXTH SERIES

VII-VIII

THREE PHASES
OF
COÖPERATION IN THE WEST

By AMOS G. WARNER

BALTIMORE
PUBLICATION AGENCY OF THE JOHNS HOPKINS UNIVERSITY
1888

COPYRIGHT, 1888, BY N. MURRAY

BALTIMORE:
FROM THE PRESS OF GUGGENHEIMER, WEIL & CO.
1888.

TABLE OF CONTENTS.

PAGE.
I. COÖPERATION AMONG FARMERS 367–393
  In Ohio 371
    Cincinnati Grange Supply House 372
    Other Grange Stores 377
    Coöperative Creameries 378
  In Other States 382
    Indiana 382
    Michigan 383
    Missouri 384
    Illinois 384
    Kansas 384
    Nebraska 386
  Causes of Failure 387
  Residual Benefits 391
II. COÖPERATION AMONG WAGE-EARNERS 394–426
  Integral Coöperation 396
  Distributive Enterprises 402
    Coöperative Association No. 1 402
    National Coöperative Guild 405
    The Streator Coöperative Supply Store 406
    The Laramie Coöperative Association and Others 407
  Productive Coöperation 409
    Mining Companies 411
    Furniture Makers 415
    Planing Mills 417
    Carpentering 418
    Stove Works 418
    Pottery and Tile Works 419
    Clothing Factories 421
    Other Industries 421
  Points Omitted—Conclusions 422
III. COÖPERATION AMONG MORMONS 427–439
  "Zion's Coöperative Mercantile Institution" 427
  Other Forms of Mormon Coöperation 434

THREE PHASES OF COÖPERATION IN THE WEST.[1]

CHAPTER I.

COÖPERATION AMONG FARMERS.

The tendency of the urban to outgrow the rural population, and the drift towards the cities of the best brain power produced on the farms, have been often noticed and deprecated. But perhaps it has not been so generally pointed out that, in quite recent times, the very nature of the farmer's means of commanding a livelihood has been essentially altered, and that his much-talked-of independence is being effectually undermined by the same division of labor and differentiation of interests that has produced at once the strife, and the interdependence of the various classes in the towns. In one aspect, perhaps, we may say that this tendency has attracted attention, and has led to the discussion of agrarian questions as related to our own country. But those discussions have to do with the influences—arising also in great measure from the increasing division of labor—that tend to crowd the small farmer out of existence. In this paper it is to the purpose to speak only of the forces that have altered the character of the farmer's industrial duties, and, driving him from a condition of actual or potential isolation, have compelled him to become a dependent, though essential, part of the modern industrial machine. The boiler is an essential part of the steam engine, but it could not even pump water for itself without the other parts; and in much the same way the farming population, though still at the basis of our industrial organization, must yet rely upon other classes to supply it with some of the things necessary to its continued activity. It is a long time since the farmer and the manufacturer of textile fabrics became mutually dependent, the one for his raw material and the other for the manufactured articles; but only since the war has it become the rule for the great mass of the farmer's products to leave his hands to be wrought by others into the form desired for consumption. When this tendency had gone so far that the hogs of Iowa were shipped to Chicago to be butchered, and the hams, lard and bacon shipped back again to be consumed, the farmer was certainly no longer an independent industrial unit.

---

[1] NOTE.—The district within which I have undertaken to study practical coöperation includes the states and territories of Ohio, Michigan, Indiana, Illinois, Missouri, Kansas, Nebraska, Colorado, Utah and Wyoming. The marking out of this district, which for present purposes may be termed the Middle West, has been a matter of personal convenience and of agreement between myself and

The illustration just used is not a good one, because in such a case the farmer might re-assert his independence if he chose. Certainly no man who is the owner of fat porkers need starve because he has not a chance to send them to some great packing house. But in many cases the dependence is not only apparent, but real. No very considerable number of farmers have now any practicable method of supplying themselves—except through others—with clothing, shelter, fuel, adequate provisions, or the implements essential to the prosecution of their work. As soon as the dependence of a class becomes established, there are never lacking those ready to take advantage of it, and a class, in order to maintain its rights amidst the conflicts of the militant

---

co-workers. The histories of the individual coöperative undertakings of this section—with the exception of those in Utah—do not differ greatly from those that will be described by the other writers. Therefore, with the object of avoiding virtual repetition, an attempt has been made by a somewhat different classification, to get special light upon certain phases of the history of coöperation in this country. The paper was finished in March, 1887. W.

industries of the time, is driven to organization. Thus it was when the agricultural class found its special interests involved in the general war of interests. It was no longer possible to insist only on preserving the old, because the older state of things was irrecoverably gone; and thus a conservative body, from whose conservatism much had been hoped, organized for aggressive warfare through the state upon the "vested rights" of those interested in railroads and other public highways. With the subject of the "granger legislation" we have here nothing to do; but the order of the Patrons of Husbandry also endeavored to reconquer independence for its members, by giving to their control, through the means of coöperation, those industries upon which they were most immediately dependent.

The story hardly needs retelling of how sadly they underestimated the difficulties in their way. The simplicity of prospective coöperation is apt to be very seductive; and the grange leaders, through the press and from the platform, talked and explained till it appeared an easy thing to annihilate the despised "middle-man," both in buying and selling, and until it seemed a thing not very difficult for all farmers to "coöperate"—as they termed it—by withholding their produce, and so to "bull" the markets of the world. There were many who looked forward to a kind of grangers' millenium, when the farmers, instead of being fleeced by the other classes and robbed of their earnings, should manage everything and be contented and happy. But when they came down from the platform or out of the sanctum, and began the work of managing even a small coöperative store, the practical difficulties were found to be many. In the first place they were handicapped by their lack of familiarity with each other and with the methods necessary to enable them to work together—a deficiency bequeathed to them by some centuries of isolated independence. There was in the second place an almost total lack of the knowledge of business principles—as was indicated from the beginning by their inability to appreciate the real and indubitable services rendered by middlemen. Perhaps, also, one of the most mischievous characteristics of those who engaged in the early coöperative enterprises was an over-wrought idea of what coöperation could do for them; they expected too much, and quit trying when their expectations were not fulfilled. Back of this was also the thought in the mind of each individual that he could, if he chose, get along very well by the old plan of distribution, and if, at any time, it happened to seem to him the more convenient one, he abandoned the coöperative enterprise without regret.

But this position of the agricultural class, as the possessors of capital and credit, was also the source of a distinct advantage which they enjoyed over those of the day-laborers who have undertaken like enterprises. Any enterprise which they entered upon need not have lacked capital. The fact that most of them did lack that very thing, proves only the latent distrust, and still powerful conservatism in matters pertaining to their own affairs, that controlled the actions even of those who seemed to be the most enthusiastic converts to the idea of coöperation.

The various experiences of the different communities were so much alike that the general statement will answer for them all. Yet, as an example of the class, it will be best to take the experience of the State Grange and of the local granges in some one state, and afterwards the special differences which may characterize the movement in other states can be stated briefly, and unnecessary repetition avoided. Even a statement of the amounts of money invested and lost or made in these enterprises would be curious rather than valuable, and not only would the existing materials for such a summary be very difficult of collation, but the materials for the completion of it are no longer in existence. As the state, the experience of which in the direction of grange coöperation will furnish the best point of departure for studying the whole movement, Ohio will be taken. The experiences of the farmers of this state will serve our present purpose none the worse because they altempted much and achieved nothing. The pathology of coöperation may be studied with profit.

OHIO.

BUSINESS AGENCY.—In Ohio, as in most of the states, a Central Business Agency, or Supply House, was started under the patronage of the State Grange. This was from the first under the management of W. H. Hill, who came to the work recommended by his successful direction of the local Supply House at Lima. The capital was advanced by the State Grange, and the credit of that body was used in the transaction of business, but the whole control of the affair was given to the manager. The main house was located at Cincinnati, and it was intended, besides selling to the various local grange stores already established, that branch houses should be maintained in different parts of the state to do the retail business. Goods were to be sold at prime cost. If any profit were by accident to accrue, it was to be turned into the treasury of the State Grange.

By July, 1878, Hill declared that the enterprise was no longer an experiment, but had proven its right to exist and was a fixed part of the commercial organism of the state. The manager filled a column or more each week of the *National Grange Bulletin* with gossip about the agency, and the business, according to his accounts of it, had certainly grown—at least in the sense of having developed along many and divergent lines. Besides acting as purchasing agent for everything that a farmer could want—from threshing machines to molasses—Hill was also a receiver of everything a farmer had to sell, from live stock to grass seed. He became a sort of commercial prophet extraordinary and adviser plenipotentiary, and in his weekly contribution to the *Bulletin* made guesses at the tendencies of the wheat market, and told his readers who were the most reliable firms from whom they could obtain a library or a twenty-five-cent dinner. That a man could do so much gratuitous advertising wisely is not conceivable, and that the average man could do it honestly may be doubted.

At the end of each year Hill made a report, and after deducting his own salary and that of the clerks, a small balance, usually less than a hundred dollars, but running up to $143.82 in 1878, was turned into the treasury of the State Grange. The business had at this time so extended itself that a branch house was established at Cleveland, under the management of E. F. Ensign. This branch house continued to do business on the same plan as the other until the collapse of both. A grange newspaper war about the state agency became bitter—Hill's enemies charging him with dishonesty, and he replying with assertions that they were jealous of a deserving institution, and wilfully withholding support that should be accorded it. Investigations were made which only furnished fresh material for disputes. Men wrote to ask "if one man could coöperate?" and notwithstanding Hill's books, which were said to show that he was handling goods on an average commission of from one to three per cent., the grange concluded that the business of the agency had better be closed out. Friends of the grange and of Hill are said to have paid considerable sums out of their own pockets to save either the order or the man from reproach; but these assertions are denied, nor does it matter much from our standpoint whether they are true or false. Whether the exact amount lost was $20,000, as many believed—secrecy having led to exaggeration—or whether it was very little or nothing at all, as others asserted, is only a question of degree. There was apparently nothing in the government of the agency that need have prevented it from losing that or any other amount.

CINCINNATI GRANGE SUPPLY HOUSE.—But the faith of those at the head of the Ohio State Grange in the value of coöperation was in no wise shaken. Even when the "agency" was obviously failing they were at work starting an enterprise which was to operate on strictly coöperative principles.

The moving spirit was F. P. Wolcott, then, as now, editor of the *American Grange Bulletin.* He had been in Europe and studied the great distributive societies of England, and had been so convinced of the expediency and stability of such societies that he had bought stock in some of the English concerns, and was now ready to make other investments in like organizations in this country. In September, 1880, there was a meeting of stockholders to take steps toward the organization and incorporation of the Cincinnati Grange Supply House.

The committee on constitution and by-laws were instructed to prepare them as nearly in accordance with the Rochdale model as the laws of Ohio permitted. The Supply House, located at Cincinnati, was to be the central or wholesale house for the grange stores of Ohio, Indiana, Kentucky and West Virginia. The ultimate object was the establishment of a system of coöperative stores over all the middle west, which should be tributary to the one at Cincinnati, or to like houses in other large cities. It was at first suggested that of the nine directors of the company three should be chosen from Ohio, and two from each of the other states named above. But as West Virginia farmers did not feel sufficient interest to buy any stock at all, and as little was sold in any state but Ohio, the constitution finally provided that at least five of the directors should come from Ohio.

As the law best adapted to its purposes, the company organized under the general act for incorporating mutual insurance societies; but though this law may have been the best on the statute books, it was very ill-adapted, indeed, to the purposes in hand. In the first place it was found impossible to provide for voting on any other basis than that of the amount of stock held. Wolcott desired that the company begin business with the mutual understanding among the stockholders that each man should have but one vote, no matter how much stock he held. In other words, he appreciated the fundamental importance of this provision, and desired those holding more than a single share to voluntarily resign their legal rights till a better law could be enacted. But the sticklers for the exact conformity of all the methods of the company to the existing law overruled his wish to try the experiment of government by comity. Another conflict with the law under which they were to operate occurred when they made the provision that if any stockholder should sever his connnection with the order of Patrons of Husbandry—no stock being issued except to members of the grange—he should be obliged to hand in his stock, and the company was then to pay him, within six months, the par value of the stock resigned.

The capital stock of the company was to amount to $50,000, divided into shares of five dollars each, and no person was to be allowed to hold more than one hundred shares. As farmers are producers as well as consumers, it was thought advisable to make provision for the doing of a commission business, indicating that the same tendency to consider all sorts of "business" a simple matter, and easy of management, had not been got rid of through the disastrous experiment with the agency. An invoice was to be taken twice a year, and, not willing to trust simply to the natural force of the English language, the help of the printer's italics was called in—the constitution setting forth that "in such invoice due allowance *must* be made for any shrinkage in value that may have occurred since the last invoice in merchandise, or other property of this association." The constitution was printed at the *Grange Bulletin* office, and it may be suspected that Editor Wolcott is responsible for the italic emphasis, which continues as follows:

"They (the directors) shall require *all the business* of this association, buying and selling, to be done strictly on a *cash* basis, and under no circumstances permit a departure from this rule."

Abandoning the old plan of distributing at cost, the goods handled were to be sold at the regular market price, but no deviation was to be made in any case from the prices marked, in favor of any purchaser whatever. Article XXIII. related to division of profits, and was as follows:

"The net profits of this association shall be determined by deducting from the apparent profits, as shown by the ledger accounts, the cost of management, which shall include the salaries of officers and all employés, storage, freight, and all other items of expense incurred in the management of the business, interest at the rate of six per cent. per annum on all paid-up stock, and the shrinkage in value as shown by invoice.

"The said net profits shall be divided among the *Patrons of Husbandry* who have purchased goods from the association in the preceding half year, in proportion to the amounts purchased as shown by the ledger accounts; but patrons who are not members shall receive only one-half the proportion of those who are members of the association."

At the end of the first year the net gains amounted to $1,328, which was all paid out either as interest on paid-up stock, or as dividends to purchasers. There was no provision for a reserve fund, and so no possibility of saving the company from borrowing or assessing the stockholders whenever reverses might come. In fact, during this first year $1,500 had been borrowed at six per cent. In spite of the emphatic italics used in printing the constitution, the exhibit of resources contained the startling item: "Sundry book accounts, $4,496;" and, besides the "borrowed money," the "goods on deposit to be paid for when sold," and the "undrawn salaries," there was also seven hundred and seventy-eight dollars of "other indebtedness." More than all this, there was included on the debit side of the loss and gain account the small but significant item of four dollars lost on debts.

During the next six months an old bill for expenses of the man that had canvassed the state to sell the stock came in, and other evidences of slip-shod accounts. One of the most discouraging features about the third semi-annual report was the fact that it was presented at a regular meeting of the stockholders at which there was not a quorum present. As it required only twenty for a quorum, and as there were some seven hundred stockholders, the complete apathy with which the enterprise was regarded by all but a few may be inferred.

According to the statement for January, 1883, though the amount of paid-up stock had increased to nearly thirteen thousand dollars, yet the amount of indebtedness of various kinds had also increased: the value of the merchandise sold had shrunk to $67,098, that of the commission business reached only $38,042, and the net profits were $1,080. Among the resources, the "book accounts" had reached the sum of $6,282—the italics to the contrary notwithstanding.

Whenever a man of moderate business capacity begins "to get involved," the chances are that he will conclude that the one thing needful is for him to extend his business. So, as things began to get tangled in the affairs of the Cincinnati Grange Supply House, the men in charge decided that matters would be much helped by starting a branch establishment. In 1883 this company, that had to borrow money to carry on its own affairs, sent off about two thousand five hundred dollars of its much needed capital to start a branch house at Cleveland, which was credited with having earned during the six months a net profit of forty-three dollars and ninety-four cents. The total net profit of the whole concern for the same time was only four hundred and forty-eight dollars, which barely equalled the interest on paid-up stock. During the next half year the volume of business and the net profits increased somewhat, but the amount of "accounts outstanding" had now reached almost $9,000, though some of them had been settled by the acceptance of "bills receivable" to the amount of $1,100.

When I was in Cincinnati in June, 1886, the Grange Supply House, which it had been hoped would be the parent of coöperative enterprises over the whole West, was apparently in the last agonies of dissolution. In the hands of Receiver Harrison it was thought that everything would be speedily wound up; but these "artificial persons," or "legal entities," that we call corporations, sometimes find it hard to die. It has been so in this case. A letter bearing the date October 25, 1886, contains the following:

"The Grange Supply House is still in course of liquidation. It is hoped that it will pay out with total loss of stock—but if lease of property is made valid, then they will settle by an assessment on the stockholders of at least twenty per cent. I seriously doubt any early efforts at coöperation among farmers. They have had quite enough for the present, and this generation will hardly forget the coöperative failures of the past fifteen years."

OTHER GRANGE STORES.—During the halcyon days of the grange there was, at least for a short time, a grange store in nearly every county in Ohio, but so far as I have been able to learn not one of them is now in existence; or, even if the store remains, all the coöperative features have long since disappeared. At Hillsboro' a local supply house was started and a man chosen to manage it who had failed in his own business. To insure a sufficient degree of cheapness, the directors passed an iron rule that no goods whatever should be sold at more than ten per cent. profit. The merchants of the place combined and made prices very low on staple articles, and the grange establishment, being unable to make good the loss through higher profits on other articles, was at a serious disadvantage. The stockholders themselves withdrew their patronage, yielding to the temptation of temporarily low prices elsewhere, and the coöperative store failed disastrously. At the close the stockholders endeavored to give their stock away to escape assessments, but could not do it.

The regular competitive stores in the various places were inclined to measure the danger to themselves by the aims and anticipations of the advocates of coöperation. As the latter declared their intention of annihilating middlemen, it is not strange that these were inclined to combine for the annihilation of coöperative enterprises. Thus at Lima established merchants of the place made an arrangement among themselves by which one agreed to sell one staple article below cost, another another, and in this way they drew patronage from the grange house and caused its collapse. At Zanesville and at other places public spirited individuals paid out of their own pockets the losses incurred by these ill-starred coöperative affairs. At Dayton one of the grange stores held out longer than those in other parts of the state, but finally succumbed. Where there was no public spirit to break the severity of the downfall of these institutions, the results were even more disastrous. I was assured that there were even yet as many as a hundred lawsuits which had their origin in coöperative enterprises, "dragging their slow length" through the courts of Highland county.

As an example of the manner in which many of these stores retained the adjectives "coöperative" in their title through the principle evaporated at an early day, we may say a word of the attempt at Geneva. Here it was found that if a good stock was not kept for patrons to select from they would trade elsewhere. The increase of stock necessitated an increase in capital and in clerk hire, and it was found that with these additional expenses goods from this store were not so very much cheaper than those purchased elsewhere. So the management passed into the hands of an ordinary joint stock company of limited membership.

COÖPERATIVE CREAMERIES.—The only noteworthy example of productive coöperation among farmers in Ohio is to be found in the creameries located in the principle grazing counties of the state. These are enterprises that have grown up without the help of lecturers, or newspaper editorials, or any of the noisy enginery of a state organization. They were started because it was believed they would be immediately profitable to those engaged; they were continued on a coöperative basis because that method of operation was in fact found to be profitable, and the element of coöperation is at present being pretty rapidly eliminated from their management because the resulting increment of profits, owing to the efforts of competitors and the general state of the market, is so small that many farmers short-sightedly refuse to "bother" with them longer. One gentleman, who is quite well acquainted with the circumstances, estimates that this form of coöperation must be the basis of twenty to forty per cent. of the farming in the counties of Geauga, Ashtabula, Portage and Summit. But, after as careful an investigation of the matter as the circumstances permit, I feel sure that this is an over estimate.

As best showing the history and extent of this form of industry, and as indicating the vibration between the coöperative and the ordinary method of managing the factories, a sketch will be given of their history in Geauga county. All the materials for this statement were obtained through the kindness of J. O. Converse, editor of the Geauga *Republican*, and of William Howard, the county auditor.

In 1862 a Mr. Stanhope erected a cheese factory in Bainbridge, of sufficient capacity to manufacture into cheese the milk of one thousand cows. The proprietor engaged to furnish all the incidentals, manufacture the cheese, and care for the same until sold, at a certain rate per hundred pounds. The patrons arranged for the delivery of the milk at the factory, and appointed each year a man to attend to the selling and to distribute the net proceeds of the sales in proportion to the amount of milk furnished. This method was pursued with entire success for some twelve years, and in some localities is still employed. It is said to bring to the dairymen greater returns for the milk produced than any other plan. Before 1873 fifteen of these factories had been established in Geauga county at an aggregate expense of about $20,000, and with few exceptions these were managed according to the plan described above.

In 1874 the price of cheese had become so low that, as the owners of the factories refused to reduce the price per hundred, the dairymen in some localities formed joint-stock companies for the manufacture of cheese at prime cost, the members of the company being numerous enough to furnish all the milk for which the factory had capacity. After reckoning the interest on the first cost of the buildings required, the running expenses and the cost of repairing, it was found that cheese could be manufactured for ninety cents per hundred. To prevent any further action in this direction, the owners of the factories immediately engaged to bear all the incidental expenses, to do the work of manufacturing, and to care for the cheese until sold for one cent per pound. This to a large extent satisfied the dairymen until an attempt was made by the owners of factories to control the dairy interest by buying the milk delivered at the factory. This method has not given general satisfaction, because of a combination on the part of owners of factories to control prices. As a rule, dairymen are better satisfied to have the milk of their dairies made into cheese at a reasonable rate per hundred and sold at the market price. Mr. Howard reckons the profit on capital invested in cheese factories at fifty per cent., and says it would be yet larger, but that factory property depreciates in value very rapidly. Of course it is not possible that a regular profit so large as this could be surely earned, although it is a business where the money investment is small as compared with the value of the annual product.

The factories that were erected on the joint-stock plan have usually been rented to reliable parties for a term of years. The lessee engages to manufacture the milk delivered at the factory each day at a certain rate, usually seventy-five cents per hundred-weight of cheese. This method, the most decidedly coöperative in principle of any, has been found very satisfactory in many localities. The manufacturer gets fair pay for his work, and the dairymen get all for the milk that the market value of the product warrants.

The annual product of cheese in most of the counties in Ohio, and notably in Geauga county, has been steadily decreasing since 1874. In that year the amount of the product was 5,227,702 pounds. In 1884 it was only 3,446,-941 pounds, showing a net decrease of 1,780,761 pounds.

This diminution is attributed for the most part to the extensive adulteration of dairy products, which reduces the value of those that are genuine by partly satisfying the demand with an inferior article.

In Lake county the one cheese factory operates on the plan of paying the manufacturer by the hundred, and then dividing the proceeds among the dairymen. In Ashtabula county the dairy interest is quite large, and the coöperative principle obtains, to a very considerable extent, the method adopted being that of Lake county. In Cuyahoga county, a correspondent much interested in such matters, writes that coöperative creameries are in that county nearly a thing of the past. There is one coöperative cheese factory near Chagrin Falls, which is thought to give its patrons slightly better results than other establishments in the county where the milk is sold on delivery. The same correspondent, in speaking with regret of the decay of the coöperative element in the management of these concerns, lays special stress upon its educational value, though this form of coöperation may possibly be considered a very mild one. In the days when most of the creameries and cheese factories were coöperative, the weekly county paper found it profitable to take markets by telegraph on the day of going to press, while now the farmers are indifferent to the condition of the market, as they sell their milk on prices established about once a month.

Taken all in all, we find that this form of coöperation among dairymen farmers in northern Ohio is the most unostentatious and the most successful part of the movement for rural coöperation in that state. In fact, it is the only example of success, and the only branch of business in which the farmers have tried to apply the principle, that the result has not been disastrous. Though even in this branch of industry the coöperative element is now in abeyance, yet it is demonstrated that this form of organization may be an efficient weapon in the hands of the farmers whenever the owners of factories become oppressive in their exactions. The reasons for the success achieved are not far to seek. The capital necessary is not large in proportion to the value of the annual product, the details of the business of manufacturing are simple and can be safely intrusted to a salaried superintendent, or one who receives so much per pound for the article manufactured, the product is a staple for the selling of which no advertising is necessary, and from beginning to end no secrecy is required.

OTHER STATES.

INDIANA.—In Indiana much the same line of action was taken as in Ohio. During the time of the grange's greatest prosperity a state grange agency was established, which for a while did a large and apparently profitable business. In 1876 the transactions of this concern amounted to nearly one thousand dollars per day. But the agency was badly managed, a large stock of unsalable articles accumulated in the hands of the agent, irresponsible parties were trusted, and there was great shrinkage in values. As a result of these perfectly adequate causes, the agency became bankrupt, and the State Grange of Indiana lost about six thousand dollars through the failure. Of the many local coöperative stores that began business in Indiana some still survive, of which the most successful and the most noted is the Huntington Coöperative Association.

The enterprise was begun seven years ago, and has from first to last operated upon the Rochdale plan, as far as the laws of Indiana permit. The association began business with a capital of only five hundred dollars, which has since increased to $20,000. The annual transactions of the concern average about $65,000. In 1883 it handled over $100,000 of goods and paid a quarterly rebate on purchase-checks of fourteen per cent. to stockholders, and seven per cent. to non-sharing patrons. Somewhat higher rebates have at times been paid. Within the last two years the association has sold almost as many goods as in 1883, but has been compelled to handle them on such close margins that the rebates have been comparatively small.

In the state of Indiana the grangers made some attempts to organize coöperative companies for the manufacture of farm implements, but these, without exception, resulted disastrously.

MICHIGAN.—Three successful or semi-successful stores are left over from the wreck of high hopes and ambitious undertakings in Michigan. The most prosperous of these is the Coöperative Association of the Patrons of Husbandry of Allegan county, that "deals in everything except intoxicating drinks." Shares are ten dollars each. The first share owned gives the holder a right to one vote, and he has but one additional vote for each fifty shares that he may pay for thereafter. The number of shares is not limited, but no one at present holds more than fifty. Capital paid in is $25,650, the number of shareholders, five hundred and twenty-five. Goods are sold at cost and four per cent. is added to the bill. Five per cent. interest is paid on stock. The manager is responsible for all credit given. Annual sales for the last two years have been $161,000.

The Battle Creek Coöperative Association of the Patrons of Husbandry and Sovereigns of Industry is also prosperous. The capital is $6,000, held by one hundred and seventy-five stockholders. Shares are ten dollars each, no one person to hold more than forty shares, and no shareholder to have more than one vote. Goods are sold to all customers at current rates, and profits divided among stockholders.

The Lansing Coöperative Association of the Order of the Patrons of Husbandry was very successful until the last year or so, when its store has been rather overstocked, and goods have so depreciated as to reduce profits. W. J. Beal, professor of botany and forestry in the Agricultural College of Michigan, has been a prominent member of this association and it is through his kindness that I have obtained most of the facts regarding grange coöperation in this state. The association began some twelve years ago, with a capital of three hundred dollars; it has now a paid-up capital of $18,000. Shares are ten dollars each—no one allowed to hold more than fifty—and votes are in proportion to stock held. The sales have averaged one hundred and seventy dollars per day. Present prospects are very encouraging.

ILLINOIS.—In this state there were at one time coöperative stores in fully half the counties. As a rule each one was prosperous for a time, but failed, as a correspondent writes, "from lack of mercantile ability on the part of farmers elected as boards of directors and managing salesmen."

For some ten years there has been established at Chicago an unambitious but useful business agency of the State Grange. The agent—at present Mr. Joseph Chambers—is elected by the State Grange, and receives a salary for the work done. No capital is invested in the business. Any local grange, or any granger known to the agency, may order any sort of merchandise through Mr. Chambers, who merely sends the orders on to wholesale houses that fill them at the regular rates, the grange receiving a small commission, and becoming responsible on the one hand to the purchaser for a good quality of goods and proper rates, and on the other hand to the wholesale dealer for prompt payment in cases where cash does not accompany the order. Farm products may also be consigned to the agency, and sold at customary commissions. The amount of goods handled in this way is very considerable, but the business, as conducted, does not take all the time of even one man. There are some complaints regarding the management of the agency, but what foundation they may have it is not easy to determine.

MISSOURI.—In Missouri there seem to have been no features worthy of special notice regarding rural coöperation.

KANSAS.—Here we find examples of unusual and apparently permanent success. The Johnston County Coöperative Association, which is doing a successful business at Olathe, is the oldest and most successful of these. Its present manager is H. O. Livermore. The prime mover in the enterprise, and the president of the association for nearly ten years, was the Hon. W. H. Toothaker, the Master of the Kansas State Grange, and a man of national reputation in grange work.[1] The Rochdale plan was adopted in its purity, and the association began business in July, 1876. The following table gives a summary of the business done during the first ten years, or until July, 1886:

YEARS.	Capital.	Annual Sales.	Annual Profits.
1.	$848 99	$41,598 86	$1,500 29
2.	3,816 60	60,177 32	2,149 09
3.	5,971 20	92,808 85	4,846 84
4.	7,540 90	158,421 54	10,775 54
5.	10,343 67	189,175 84	11,402 60
6.	17,673 78	243,100 88	14,887 85
7.	33,885 00	296,070 15	18,006 21
8.	36,879 87	299,099 52	15,305 12
9.	38,576 33	252,995 78	13,083 21
10.	40,916 83	210,588 79	104,038 41
Totals.		$1,793,037 53	$196,595 76

Besides the profits a reserve fund has also been set aside for building purposes, with which a three-story iron and brick building, 130 x 128 feet, has been erected, the third floor being used for the grange meetings and as an audience hall. The building is supplied with steam heaters, an elevator, etc., and was erected at a cost of $75,000. "Prospects are very bright."

The Patrons' Coöperative Bank, of the same place, was undertaken with the same men for leaders as the store. It was organized June 7th, 1883. The capital is $75,000, in

---

[1] Most of the facts obtained concerning coöperation in Kansas were gathered and systematized for me by Mr. Toothaker, to whose helpful courtesy I am much indebted.

$100 shares, no man to hold more than ten, and each shareholder to have but one vote. "It was established," says Mr. Toothaker, "principally as a means of protecting the people from losses as depositors," many disastrous failures of banks having occurred. The present stockholders number about two hundred—farmers with visible property worth from ten to one hundred thousand dollars, and as all their personal property is, by the law of the state, to serve as security, there seems small chance for loss on the part of depositors. "The bank has paid the stockholders a semi-annual dividend of ten per cent."[1] The yearly deposits amount to $1,000,000 and the exchange to over $500,000.

"There are some twenty or thirty smaller coöperative stores in the state, which need not be described in detail." There are noticeably successful stores at Constant, Cowley county; McLooth, Jefferson county; also at Cadmus, Oakwood, Mound City and Spring Hill.

Nebraska.—In 1872 Nebraska was comparatively new and comparatively far from the places where any desirable farm machinery was then manufactured. Many local granges clubbed their orders for different kinds of implements, and though in many cases the result was satisfactory, yet in others mere cheapness was secured at the expense of quality. The very cheap machinery was very poor. A style of harvesting machine known as the header, was then much used over all the newer West, and continued popular for several years, till supplanted, together with its old-fashioned competitors, by the modern self-binder. The point of interest for our present purposes is, that few heavy or complicated castings were necessary in the construction of these machines, and there were few parts, except the sickle-knives, that required great skill for their manufacture, while these could be easily purchased in quantity. The standard headers were selling at this time for from $225 to $300. In February of 1873 the State Grange appointed an agent to see what could be done towards the manufacturing of headers in Nebraska. After some delay, arrangements were completed with parties in Fremont, which warranted the erection of the necessary foundries and shops, and headers were furnished the State Grange at a net cost of $150. They were sold to farmers at that price, cash on delivery, and no loss resulted. As a consequence the price of all sorts of harvest machinery was reduced over the whole state, railroads gave better rates on machinery of eastern manufacture, and everything seemed to indicate that the grange had made a wise move. But a parallel attempt was made at Plattsmouth in the manufacture of corn cultivators, and in this case about twice as many were manufactured as could be sold, and there resulted a net loss of some $5,000 to the grange. This, through mismanagement, was connected with the Fremont enterprise, and a fine lot of law-suits was the result, in the progress of which some of the grange officials and agents suffered severe and unmerited personal loss. These disasters, together with a severe attack of politics, killed the grange in Nebraska, nor had it, until recently, shown any indication of resurrection.

---

[1] I am not sure whether Mr. Toothaker really meant a twenty per cent. annual dividend or not.

CAUSES OF FAILURE.

The causes of the approximate failure of coöperation among farmers in the district under consideration have necessarily been outlined, or at least suggested, in the foregoing historical sketch. They may be summarized under the following heads:

1. Some of the coöperative enterprises have deservedly failed, because, even with proper management, they could not pay. In other words, there are conditions under which the coöperative is demonstrably inferior to the distinctively competitive organization for the attainment of given ob-

jects. One simple example may be given of an industry that has so changed that coöperation, once possible and advisable, is now inadvisable, though still possible. When threshing machines first came into use they were small affairs, usually run by one or two horses in a tread-mill horse-power. Small as they were, each machine could do much more than thresh the crop of an average farmer, and so it was usual for several farmers to combine, buy a machine, thresh their own crops, do, perhaps, some work for their neighbors, and divide the profits. As the machines were improved and enlarged, it became more and more difficult for an ordinary farmer to operate one to advantage. The value of special skill and aptitude for the business of "running a thresher" increased as the business became more technical, for each mistake delayed or wasted the labor of an increasing number of men and teams. Nor did farmers find it profitable to buy machines and hire experienced men to run them, for the chances of wasting time and effort were so numerous that experience proved that only one having personal interest in the result could be relied upon to do the best possible work. With the advent of the present steam thresher, having a thirty-six inch cylinder and a daily capacity that would formerly have been considered fabulous, the change is complete, and threshing is almost universally done by men who charge a given rate per bushel, which rate is fixed by the law of supply and demand. Farmers are still at liberty to combine, buy machinery and do their own threshing, but they would infallibly lose money by doing so. Where farms are small much the same development has taken place regarding harvesting machinery; those who have not enough grain to keep a machine busy during the season usually find it more profitable to hire their grain cut by the acre than to own part of a machine.

Referring to the failures we have described, we may then properly ask the question whether or not a given enterprise failed because, as an industrial undertaking, it was inherently unwise. As to the attempts to manufacture farm machinery I think this may be said: farmers, as such, cannot produce or cause to be produced, machinery as reliable and cheap as that sent out from the works managed by expert machinists, whose success depends entirely upon their "keeping up with the times" in a business where the times are very hard to keep up with, and on their winning a reputation for reliable products. It may be well enough for farmers to start such enterprises as a ready means of bringing manufacturers to just terms; indeed, it seems that, viewed in this light, the disastrous enterprises begun in Nebraska were worth far more to the farmers of the state than they cost.

2. One of the most useless causes of the failure of coöperative companies, and a potent one, has been the lack of proper legislation, making impossible the incorporation of true coöperative companies. The example of the Cincinnati Grange Supply House is an instance in point.

The mere matter of voting is not the only one which needs a change in the laws to secure the best results, and in some of the states it is allowable to give each member an equal voice in the management of affairs. But nothing definite was done in any of the states to make adequate legislative provision for coöperative companies, though, with the English and the eastern models, and a little common sense, it ought not to have been hard to draft such a law; and an organization strong enough to pass what is called the "granger legislation" regarding corporations already established, might surely have had it enacted. In 1884 a bill passed the Ohio legislature providing for coöperative associations, but it consists merely of the title and a considerable mass of legal verbiage. There is in it absolutely nothing of value for the purpose in hand, except the provision that such associations shall have the right to divide profits among patrons in proportion to purchases, and this right was granted, or could be derived from previous acts under which the so-called cooperative associations had been operating.

3. A third cause of failure may be stated as the inadaptation of rural life and character to the coöperative method of managing business. We may include under this head individual isolation, lack of business experience, and the fact that farmers are in a position to take, if they choose, the most agreeable and pleasant way, even though it be not in the end the most profitable. Mr. Chambers, of the Illinois Grange Business Agency, says that farmers are too rich to succeed in coöperation. Even where there may be a certain amount of profit in such enterprises, there is no pressing necessity to urge or compel them to take advantage of it. They are in a position to gratify their whims as to where and what to buy, and do so even at some cost to their own final interests. As the first cause of failure given in this summary is one seldom advanced by coöperators or ex-coöperators, so, on the other hand, the one at present under consideration is oftenest given in reply to inquiries as to the causes of failure. The inability of those concerned to break away from the habits acquired in the transaction of ordinary business, and their willingness to be led astray by specious advertisements and the seductions of the temporarily low prices of "cut-throat competitors," have been very fruitful causes of disaster. It will be said, perhaps, that short-sightedness is the cause of nearly all human failures of whatever class, but still it is especially fatal in coöperative enterprises. Those who engage in such undertakings are often called upon to forego immediate in order to secure prospective gains; to pay always a fair price in order that they may avoid the necessity of ever paying more than is fair, and to pay cash at each transaction in order that they need never be compelled to pay a share of some less responsible person's unsettled accounts. A short-sighted, impatient person will not persevere in the doing of these things, and a coöperative company made up of any considerable number of such persons will be sure to fail.

Yet, while short-sightedness and the isolated lives of farmers are causes of failure in coöperative undertakings, these very features of rural life should serve as additional incentives to repeated and earnest efforts to achieve success. If the individuals of a given class are isolated, so much the more do they need something that will bring them together and teach them to understand each other, so that at need they may be able to work together for a common end; if they are deficient in their knowledge of affairs outside their own peculiar branch of industry then it will be to their advantage to acquire such knowledge, even if they have to pay pretty liberally for the experience through which alone it is to be obtained.

4. Of an exactly opposite nature to the foregoing is the influence of the general indebtedness of the farming class. This has been a potent cause of the failure of many rural enterprises.

5. We may place next in the enumeration of the causes of failure the peculiarly intense hostility of the regular tradesmen. This hostility was more general and vindictive than would have been felt towards the same number of ordinary enterprises, because the coöperators themselves hastened to declare a war of extermination upon "middle-men," and so the latter necessarily entered upon the struggle as upon a struggle for existence.

6. Lastly, there were a great many local causes of failure. Special quarrels and jealousies already existing or soon developed, or other adventitious difficulties brought shipwreck to many of the enterprises.

RESIDUAL BENEFITS.

It may be thought that we are very near the end of the discussion of coöperation among farmers when we have reached the point where it is proper to begin the enumeration of the benefits resulting from the attempts. Though it is indeed true that this branch of the subject need not detain us long, yet it is true, not so much because the benefits were few or small, as because they were of a sort not susceptible of definite statement and enumeration. An approximate estimate of them might include the following items:

1. The educational benefits resulting to the individual coöperators may first be noticed. The most important of these is not the slight acquaintance gained by some with business forms and methods, but rather the intimate knowledge that individuals gained of their own incapacities and those of their fellows. Practice in working with his fellows is the most useful training a citizen can have, and this the attempts at coöperation afforded. The earlier grangers were told, and believed, that it would be a simple matter for them to manage all the industrial machinery by which they were in any wise affected. They made numerous experiments to test the feasibility of the thing, and have been more modest and more sensible ever since. They will hereafter understand better the power and the real value of the industrial organization of the present, and they will better understand themselves. Though they may attempt less, they will achieve more.

2. We have already noticed in certain cases the good effects resulting from attempted coöperation through the medium of lower rates forced upon the regular dealers. Coöperative enterprises served as an efficient means of pricking the bubble of high prices produced by monopoly, or really superfluous middle-men. The strictly competitive system might be expected to perform all such services for itself, but in practice it is found that some force extraneous to that system is of use in accomplishing such results.

3. The habit of going to first sources for supplies has resulted in a permanent pruning of the powers of local dealers. Through the old "business agencies," relations were established with wholesale houses which continue, even where the agencies have ceased to exist. "Shopping by mail" was greatly helped towards its present importance by the grange movement, and is still carried on in many cases through the means of the order.

4. A certain amount of absolute success has been achieved, and the possibility of achieving success under right laws, and with good management, has been demonstrated.

Thus, though the proportion of failures to successes has been greater in this section than in any other, the careful study of the facts need not discourage us. "Even our failures are a prophecy.'

CHAPTER II.

COÖPERATION AMONG WAGE-EARNERS.

Coöperation among wage-earners in the middle west is as yet almost wholly tentative. He who writes of it must, for the most part, be content to describe hopes and to sketch possibilities.

In estimating the general possibilities of the success of coöperative enterprises as such, the first factor to be considered is the way in which such enterprises are regarded by the laborers themselves. It is believed, and speaking generally it is true, that the enthusiasm of the laboring men for coöperation surpasses that of the early grangers; the need of the wage-earners is greater, and their aims are more radical. "Down with the strike (assistance) fund and up with the coöperative fund," says the Chicago *Knights of Labor*, and wants the order to raise $6,000,000 for the advancement of the "cause." This enthusiasm is so vociferous and so much talked about that here it need not be further insisted on; there is, however, an under-current of opposition, which, though not specially important in itself, needs noticing because it is usually ignored. This opposition is that of certain laborers—or, perhaps, some would think it more accurate to say of certain labor leaders—to what they call individual or competitive coöperation; that is to the formation of individual coöperative companies that seek to fit themselves into the ordinary competitive organization of industry. The radical wing of the Socialists is an existing force that should be reckoned with. Their present opposition to attempts at partial coöperation are various, and some of them troublesome. When the Denver *Labor Enquirer*, the official organ of the "Red Internationals," declares against profit-sharing, it does so on purely theoretical grounds. But a most conspicuous example of practical opposition is to be found in the action of the International Working People's Association in Chicago, relative to the proposed coöperative company formed by the packing-house strikers, and designed to operate a large establishment of its own. The opposition to the project was based largely upon the ground that successful coöperators became as conservative and aristocratic as any other capitalists. Morgan, who opposed the plan most decidedly, also sketched very forcibly the difficulties attending a coöperative enterprise that must compete with such a man as Armour, and urged that laborers could have no real power till all industry was managed as the postoffice now is. Until that time came, the laborer should get as much as possible for his work, and help forward the agitation for the complete triumph of socialism. Whether from such opposition, or from inherent weakness, the packing-house scheme came to nothing.

Some of the labor papers also become restive under the perpetual reiteration of the story of the Rochdale Pioneers, and show that in the department of retail trade the profits are already so small in this country that the retailers more resemble hired laborers for the wholesale houses than independent tradesmen, and that with trade so organized there is no place for distributive coöperation.[1]

No one can doubt the need of such a warning who has looked through the great mass of self-complacent theorizing indulged in by writers for the labor press. But aside from the theorists who hinder by opposing and the theorists who cripple by trying unwisely to aid the movement for coöperation, the fact remains that the great majority of organized laborers in this section of the country believe in coöperation, and are making very practical and very vigorous efforts to help forward "the cause." One of the largest appropriations made by the General Assembly of the

---

[1] Professor J. B. Clark, in his recent work, The Philosophy of Wealth, insists upon this same point, p. 198.

Knights of Labor, at its meeting at Richmond, was for the purpose of furthering practical coöperation, and with the help of the hard sense and great experience which some of the leaders possess, we may hope that definite results of some sort may ere long be reached.

In their declaration of principles the Knights of Labor declare that their ultimate object is to introduce a "coöperative industrial system," which undoubtedly many of them expect to become universal without great delay. But their leaders are too shrewd, and have learned too much by their experience of the last few years, to expect very startling results in the immediate future. "We cannot make men," says Powderly, sadly; "we must take them as we find them;" and one of the most difficult features of the work of the leaders has been to get the men to come down to practical plans and begin where there is a possibility of beginning.

McGaughey, the secretary of the coöperative board, has had a chance to observe all the operations of the successful coöperative coopers, elsewhere described by Dr. Shaw, and the study of the self-helping efforts of these men has begot in him a rather lively impatience with the frequent calls for assistance made by various local assemblies. A published letter of his says that the coöperative board desire to learn of all coöperative efforts, and especially to receive copies of their by-laws and constitutions, but that the board does *not* want any more applications for aid from coöperative enterprises. "This thing of expecting help in starting a carp-pond, a dairy or a machine shop is a great mistake." Then going on in an exclamatory and despairing mood, he cries: "Give us a rest in the name of brotherhood and human charity! If your plans are feasible the best place to look for help must be near home." Mr. Samuel, another member of the board, trying to meet the demand for definite plans of coöperation fitted to existing circumstances, prepared a pamphlet of twenty pages on "How to Organize Coöperative Societies." This pamphlet gives the fundamental maxims that have been followed by nearly all successful coöperators, a model for the constitution and by-laws of a coöperative society, and a few pages of reasons why a laboring man should become a coöperator. The price of this little work is only five cents, and though it was published in 1886, it has circulated widely among the Knights, and has already exerted considerable influence in shaping the policy of the various new societies springing up in various parts of the country.

Before taking up the individual enterprises, one more characteristic of the attitude of certain laborers should be pointed out. The feeling alluded to is that of dread of the present competitive organization as of something tangible and objective, which is able to seize and injure them. Of course, this feeling is not widespread, but that it should exist at all in this country will be a matter of surprise to some. It is almost exactly analagous to the *fear* which an oppressed citizen might have of a tyrannical government. I know of coöperative stores, the managers of which keep everything as secret as possible, and where the deliberations of the stockholders are carried on with many of the precautions that conspirators, planning the assassination of a tyrant, might employ. In Michigan there is a small coöperative store, the very existence of which is kept secret, and I was confidentially informed of its whereabouts only on condition that none of the facts concerning it should be made public.

At the close of his pamphlet on "How to Organize Coöperative Societies," Mr. Samuel gives five reasons for being a coöperator, and the last of these affords as good a summary as we need seek of the way in which this subject is regarded by the great majority of workingmen who both think and hope. The essential parts of the passage referred to are these:

> "Coöperation is the only way that I see by which the workers in this land, or any other, can raise their position to what it ought to be and might be. Hundreds and thousands of persons have

'got on,' as it's called, by getting on the backs of the workers. They have rolled up capital out of profits on their work and their trade. Now, cannot the workers get themselves, as a body; 'on' to a higher standing ground? Cannot they roll up capital out of their own purchases and their own work to lift themselves up, one and all? I believe they can. But how? By union among themselves for this great end—the greatest end, I think, that men have ever knowingly worked for. Now, where does the road to this end begin? Where else but in the store—which can give them capital out of their own income; which gives them business habits; which enables them to combine their power by great commercial institutions, such as the coöperative wholesale societies, and active centers for propaganda, conferences, congresses, central and sectional boards, at once creating strength and showing them how to use it to best advantage and for the noblest purposes."

INTEGRAL COÖPERATION.

Those who have become acquainted with any considerable number of attempts at coöperation must have felt at times that Wolsey's injunction, "I charge thee, fling away ambition," is of special applicability to coöperators. "The great fault with too many coöperators," said Powderly in 1885, "is that they advocate the establishment of coöperative institutions on too large a scale."

The Knights of Labor announce that they are working towards universal coöperation, but this is said by men who (most of them) realise keenly how distant is the goal that they are striving toward. Yet there are others, within and without the order, that refuse to see the difficulties, and who insist on believing in an imminent millenium.

The most radical of those who have practically attempted to realise such ideals believe in "integral coöperation." The end sought through this form of organization is really a state of pure socialism, with socialised capital and reward proportioned to services. An enterprise of the kind was organized by Henry E. Sharpe in January of 1880, and was called the York Society of Integral Coöperators. I have obtained no detailed account of the society during the period immediately following its origin, but in 1882 there were about sixty members, some of whom were already located on a farm of one thousand acres near Eglinton, in the southwestern part of Missouri.

The object of those interested was declared to be "to form an absolutely independent community, not communistic, but with the motto: 'Equal opportunity, but reward proportioned to deed.'" Capital was borrowed upon which a fixed interest was paid, but the intention was that all capital should ultimately be socialized. The members of the colony entered Local Assembly 2776 of the Knights of Labor, and Sharpe, the originator and propagandist of the enterprise, was made chairman of the coöperative board of the order. In this capacity he travelled about lecturing on coöperation for the edification of the Knights and others. After picturing, in the way that was then becoming, and has since become so common, the existing miseries of the "wage slave," his first point was to show that under the present organization of industry no betterment was possible. He followed this alleged demonstration by the dogmatic assertion that coöperation, as tried in England, had failed, and that the various schemes of industrial partnership had failed. He next claimed that neither productive coöperation nor competitive distributive coöperation would make its way unaided. The one solution of the problem was the union of these two, or integral coöperation. "Do not produce to sell, do not buy to consume. Be independent of capital, independent of markets and of the price of labor. Work for yourselves."

But though the Knights were anxious to undertake coöperative enterprises, and though their chairman of the coöperative board was very sure he knew the proper method of going about the work, yet he was not destined to be the Moses that was to lead them out of the Egypt of wage-bondage. For, while, by means of his lectures in the large cities, he was in some measure carrying the war into the enemy's country, the model colony at Eglinton was in revolt behind him.

In the final report of the Executive Board to the General Assembly, the following causes were assigned for the failure: (1) City people cannot succeed in agriculture at once; (2) Want of individual incentive to exertion; (3) Want of means to discipline or to expel refractory members; (4) No way of restraining members in case of a panic; (5) The smallness of the scale on which the experiment was tried. The same circumstance also made it impossible to give opportunity for the development of individual capacity. The Executive Board formulated in their report the more obvious of the lessons which the Eglinton experiment seemed to teach: "(1) Men cannot change at once from the condition of wage-service to the higher level of coöperation. Man for a long time yet must have before his mind the fear of being stricken from the pay-roll. (2) Individual incentives to exertion must be provided. (3) Executive officers must have power to discipline, subject always to appeal. (4) Executive officers must have ample authority to select the men best adapted to the work in hand." This preëminently sensible report was submitted to the General Assembly of the Knights of Labor at its meeting in 1884. The lessons then learned the managers of the order seem not to have forgotten, for this was the last time that they officially countenanced any scheme for immediate integral coöperation. Thenceforth they lent the whole force of their influence to more modest but more feasible plans.

Yet many individuals in the order have looked in the same direction for the coming of industrial salvation. A friend in Cincinnati has sent me a copy of a book published at St. Louis by the author and designed to circulate chiefly among the Knights of Labor. On the upper cover are stamped the words: "The Key of Industrial Coöperative Government, by Pruning Knife." On the other cover is a picture which represents a hand throwing open the portals of "Equity," through which may be seen a very small lamb resting lovingly by the side of a very large and very benignant lion. The book is written in doggerel poetry, interspersed with that style of composition which is said to possess neither rhyme nor reason, and is illustrated from drawings by the author himself. As an all-sufficient example of his economic, poetic and grammatical attainments, one verse may be given of his description of the ideal industrial organization:

> "In lieu of greedy profits made by us,
> Industrial bureaus on each other draw
> For all the products without least of fuss;
> With great dispatch, a system without flaw."

Even Mr. John Samuel, whose pamphlet was mentioned above, sketches the ultimate aims of coöperators as including a system that corresponds to Sharpe's integral coöperation. Section two, of a model constitution for a coöperative society, drawn up by him, is as follows:

> "The object of this society is to elevate the intellectual, moral and financial condition of its members, through coöperative effort, and in accordance with the following plans and arrangements:[1]
>
> 1. "The establishment of a store to conduct the business of general dealers, wholesale and retail, in food, clothing and other commodities; and to manufacture the same whenever practicable, or when necessary for the employment of such members as may be suffering from an undue reduction of wages.
>
> 2. "The buying and holding of land, and the erection of buildings thereon for the use of the society.
>
> 3. "To elevate the domestic condition of its members by buying or building suitable homes for such as may need.
>
> 4. "The purchase or rental of lands or landed estates, to be cultivated by members who are out of employment, or who may suffer from poor wages.
>
> 5. "And to proceed, as soon as practicable, to the establishment of a self-supporting home colony, or to assist other societies in establishing such colonies, wherein may be exemplified in a practical way the coöperative idea of production, distribution, education and government."

---

[1] How to Org. Coöp. So., p. 6.

DISTRIBUTIVE ENTERPRISES.[1]

Of the distributive enterprises managed distinctively by wage-workers, I know of none established earlier than 1861. A vast swarm of them are at present coming into existence, or trying to. Of the whole number I have obtained more or less definite information regarding something over thirty. As many of their brief histories, in so far as they have histories, are of small value, I prefer to speak at length of but four of them, and pass by the others with nothing more than possible mention. Some of the most important enterprises may not be known to me at all. Modest undertakings, as before stated, are apt to be the most successful, and these will often be overlooked, even by one who appreciates the need of seeking for them.

COÖPERATIVE ASSOCIATION No. 1.—The following circular was issued early in January in 1886:

"*Coöperation Fair; Fannie Allyn, L. A. 4457, Cincinnati, Ohio.*

"Believing that our only salvation lies in coöperation, and that being one of the leading principles of our noble order, we therefore, having full confidence in each other, make a bold attempt in forming a coöperative concern.

---

[1] Prof. Clark says that "only by a strange perversity of nomenclature" can this form of coöperation be called distributive. "It is productive in as complete a sense as the spinning of wool or the raising of sheep. * * The process is complex, and, in reality, is only *quasi* coöperative. It may, perhaps, be termed mixed coöperation, since the essential peculiarity of it is that men who are employés in one industry become proprietors in another." (Ph. of W., pp. 191-2.) In the sense in which Prof. Clark uses distribution, as an economic term, his exception is well taken, but the word leads to less practical ambiguity than the one he would substitute for it, nor does the word he suggests seem more logical than the other. It does not affect the nature of an enterprise that those engaged in it are engaged in another capacity in other enterprises; its character would be the same whether those connected with it were, in other branches of industry, all employés, or all capitalists. "Consumptive coöperation" is another remarkable name that has been used lately to describe the work of these "consumers' unions," but the usual term will be employed in this paper.

"L. A. 4457 has announced that a fair is to be held at K. of L. Hall, southeast corner of Abigail and Main streets, for said purpose, commencing March 21st, ending March 28th.

"We would like all coöperative concerns to correspond with us, and give statements of articles manufactured and prices therefor. We will be thankful for any information of the above description, as we are anxious to exhibit all K. of L. goods manufactured or made by members of the order.

"We have enclosed tickets for various articles to be raffled for at said fair, and we hope the Assembly will use its influence in the disposal of the same.

"All articles raffled off will be made public through the *Journal* and the labor papers of the country.

"All remittances to be made by March 15.

C. Fannie Allyn,
Geo. C. Kuechler,
Miss Mary Healy,
Fair Committee."

The moving spirit was George C. Kuechler, a young man of twenty-one, a shoe-cutter by trade, and one having plenty of time to attend to the matter, because out of work. It was thought by some that he had been "victimized," that is, found it hard to get work because he had made himself too prominent in forwarding the work of organizing the Knights of Labor. Of the eighteen members of the assembly twelve were ladies. Two of the men had been interested in coöperative enterprises before—one under the Sovereigns of Industry, and the other in one of the great societies of Manchester, England.

Copies of the circular were sent all over the country, and extended notices of the fair appeared in many of the labor papers in distant places. It was the first enterprise of the kind in America, and much was hoped from it. Nearly all the coöperative concerns of the country sent exhibits, and the friends of the order were liberal in their donations of things to serve as prizes in the raffle. The Dueber Watch Case Company, which had just come to terms with the Knights, and been released from a long and effective boycott, was especially generous. In a "business circular," issued after the close of the fair, the managers returned thanks for the effective support accorded them, and also did what they could to extend a knowledge of the enterprises represented. Among the most prominent of the exhibitors were the following, most of which are still thriving and prosperous enterprises: The Richmond Coöperative Commercial and Manufacturing Soap Company, of Richmond, Va.; the Ohio Valley Coöperative Pottery Company, of Tiltonville, Ohio; the Quaker City Coöperative Carpet Company, of Philadelphia, Pa.; the Canmakers' Mutual Protective Association, of Baltimore, Md.; the Coöperative Morocco Manufacturing Company, of Philadelphia, Pa.; the Kentucky Railroad Coöperative Tobacco Company (now the Knights of Labor Coöperative Association), of Covington, Ky.; the National K. of L. Coöperative Smoking Tobacco Company, of Raleigh, N. C.; the Coöperative Corn-cob Pipe and Novelty Works, of St. Charles, Mo.; the Coöperative Hat Company, of South Norwalk, Conn.; and of the coöperative cooper shops of Minneapolis, the Phœnix, Northwestern, North Star, Hennepin and Minneapolis sent exhibits. The barrels sent by these companies were made of select staves and hoops, elaborately painted and varnished, and the Pillsbury Milling Company had filled them gratis with "Pillsbury's Best."

The result of the fair was to put the coöperative enterprise on a sound financial basis, and to give coöperators in different parts of the country a better appreciation of each other's work. It shows the feasibility of such exhibitions with our present facilities for inter-communication, and affords an earnest of the value that might be derived from them. Their value would, of course, be increased if they were managed not by one concern primarily for its own profit, but by a committee of the exhibitors, or by some central organization. A directory of coöperative concerns, which has been advocated in the General Assembly of Knights, would then be not difficult to make.

After the fair the Fannie Allyn Coöperative Association changed its name to the K. of L. Coöperative Association No. 1, of Cincinnati, and on the first of May business was regularly begun. They were able, from the accumulated dues, initiation fees and proceeds of the fair, to buy a stock of goods worth five hundred and four dollars, and had a reserve fund of over one hundred and fifty dollars.

The association rented two rooms at the rear of 555 Main street, and as one of them was used by a K. of L. assembly, the rent which the store had to bear was only three dollars and fifty cents per month. The business hours were from 7 to 10 P. M., and as the managers consented to serve without pay for the first quarter, and be in the store during the evening in turn, there were almost no expenses at all. It was a strangely constructed, non-legal association, and how it could live for any length of time, and especially how it could outlive a quarrel among the members, seems strange, yet the K. of L. Coöperative Association No. 1 contrived to do both these things. Kuechler is no longer connected with it, but its affairs seem to prosper. Business increased rapidly, and a dividend of thirteen per cent. on purchases was declared at the end of the first quarter. A lady was employed to attend to business during the day. A letter bearing date the 13th of January, 1887, informs me that the establishment has removed to a three-story building at 62 Thirteenth street. I am not certain whether or not radical changes have been made in the plan of organization, but a quarrel with the District Assembly has at least compelled them to drop the letters "K. of L." from their title.

NATIONAL COÖPERATIVE GUILD.—This is another rather anomolous enterprise that has sprung up in Cincinnati, under the management of Mr. Kuechler, who was concerned with the fair and with the Association No. 1. It might as well be classed with the productive enterprises, for it is a wholesale house, having for its chief object the finding of a market for goods produced by coöperative companies.

The capital is very small, but the association does a sort of commission business for some ten coöperative enterprises.

That a wholesale house can profitably handle miscellaneous merchandise is, of course, improbable. Because a certain brand of cigars, a particular kind of baking powder and a given sort of brooms, or soap, or cooking stoves, have all been produced in establishments having certain coöperative features in their management, seems to be no excuse for lumping them together in the store-room of a single wholesale dealer. One of the most difficult problems for some of the coöperative companies has been found to be the securing of a market. In a business requiring as much shrewd advertising as the sale of manufactured tobacco, this is especially true, but it hardly seems that the proper method has been found in this "distributing association." The producing companies will find it easier to force their way into the ordinary avenues of trade by the regular means than by dealing with such a gratuitous "middleman" as this company. Kuechler is himself a good salesman for some sorts of trade, and it appears that it is only through his energetic efforts as a sort of travelling man for the various concerns whose goods the Guild is handling that anything at all has been accomplished.

The Streator Coöperative Supply Store.—This enterprise has been in operation but little over a year, yet has met with such immediate and pronounced success as to have attracted the attention of the wage-earners in many parts of the West. Accounts of it have appeared in many of the labor papers, and the company has been flooded with requests for copies of the constitution. The president of the company, and the person to whom it owes its origin, is Mr. John H. Shay, state lecturer of the Knights of Labor for the department of Illinois, and chairman of the State Coöperative Board. The store is the outcome of a series of meetings held in the public park of Streator on the Sabbath day under the auspices of the Knights, and addressed by Shay and others, "on the subjects of organization, education, coöperation, industrial partnership, and the ballot."

It originated among wage-workers and the stock is owned by that class, but much of it is held by persons who are not members of the Knights of Labor, nor has any attempt been made to prevent other classes from purchasing stock. Every effort has been made not to antagonize other dealers, and so favorably is the enterprise regarded by those merchants who do not come in competition with the store, that when the by-laws and constitution were published a few extra pages were filled with advertisements, and these more than paid for the cost of printing the whole.

The capital stock of the company is five thousand dollars, in shares of ten dollars each. No person is allowed to hold more than five shares, "and it shall be the duty of the board of the directors, as rapidly as may be practicable, to assign the shares in excess of one, which any member may hold, to those who may afterwards apply for membership."

After making provision for payment of interest, twenty per cent. of the remaining net profits is set aside for the reserve fund, and the remainder is divided among shareholders in proportion to purchases. Non-shareholding patrons receive no dividends, as it is thought that with such a rule the competing stores can have less cause for complaint.

The business motto of the concern is "cash, current rates and dividends," but credit is allowed for thirty days, in cases of emergency, to three-fifths the value of a member's paid-up stock. No amendment to the constitution shall ever be entertained to allow a member more than one vote, "except in the election of directors, when the vote shall conform to the laws of the state."

THE LARAMIE COÖPERATIVE ASSOCIATION AND OTHERS. —This association, located at Laramie, Wyoming, is also of importance as having been the model for a goodly number of similar enterprises. Judged by the rules that have been found wisest for such undertakings in other places, its constitution and by-laws contain several regulations that seem injudicious; but a prosperous career of over five years, the present flourishing condition of the company, and the fact that it is becoming more thoroughly coöperative as it gets older, remind us that we must not jump at conclusions.

The company was incorporated December 21st, 1881. The capital was limited to $30,000 by the articles of incorporation in shares of five dollars each; stock is not assessable. There were nine shareholders who subscribed for one hundred and fifteen shares of stock, twenty shares being the most that was held by any one person, and five shares the least. No limit was fixed for the amount of stock which one man could own, but each member is allowed but one vote, and no proxies are allowed. Credit is allowed with a thirty days' limit, and no "member indebted to the association two days previous to any meeting shall be entitled to vote." "Profits shall be divided as follows: (1) After deducting all expenses, interest, at the rate of twelve per cent. shall be paid on share capital. (2) Members shall receive the full dividend on cash purchases—one-half the dividend to members taking not more than thirty days' credit for their purchases, and one-half the dividend to known non-members on their cash purchases." Just what this section provides I am unable to decide. Practically it has made but little difference, as no dividends have been declared at all, but the surplus above the twelve per cent. interest has been allowed to accumulate as a reserve fund, which now amounts to more than $10,000. Beginning with December 1st, 1886, the company proposes to declare dividends "in order to stop the continual increase in the value of shares."

The seventh semi-annual statement is as follows:

Goods to the amount of....................	$18,073 91
Fixed stock to the amount of............	959 90
Real estate to the amount of..............	11,700 00
Open accounts to the amount of...........	10,868 13
Notes in our favor to the amount of.......	2,556 50
Money in safe December 1 to the amount of	166 50
Total assets......	$44,326 94

Amount of capital stock taken to date.......	$7,820 00
The corporation is worth to-day, independently of all debts and capital stock......	10,131 00
Total worth of Association..............	$17,951 00

This instance of success at the far west shows that even in a new country coöperation may be employed to advantage, for where rates of interest and wages are high, profits are also high. The influence of the example of the Laramie Coöperative Association can be directly traced in the establishment of some half-dozen enterprises of a similar nature, all at the West. Two of these are in Wyoming, one at Evanston and another at Carbon; one at Eagle Rock, Idaho; another at Denver, Colorado; and two in Kansas, one at Ellis, the other at Leavenworth; still another is talked of at Green River, Wyoming. All of these enterprises were begun during 1885 or 1886. Of these the Colorado Coöperative Mercantile Association, of Denver, has been most immediately successful.

PRODUCTIVE COÖPERATION.

The laboring classes of this country have been quick to see the limitations of distributive coöperation, and to a hitherto unprecedented extent are turning their energies to the more difficult task of coöperative production. In over twenty industries attempts are now being made to introduce this form of organization. The list given below will best serve to indicate the industrial and geographical distribution of these enterprises:

1. Coöperative Baking Powder Co., Elkhart, Ind.
2. Coöperative Box Factory, Cincinnati, Ohio.
3. National K. of L. Coöperative Broom Co., Cincinnati, Ohio.

4. CARPENTERING:
   a. Carpenters' Coöperative Association, Decatur, Ill.
   b. Coöperative Sash and Blind Factory, Rushville, Ind.

5. CLOTHING FACTORIES:
   a. Our Girls' Coöperative Clothing Manufacturing Co., 156 N. Market street, Chicago, Ill.

   b. Manufacturing Tailoring Co., of Chicago, Ill.
   c. Martha Washington Coöperative Overall and Knit Work Association, Indianapolis, Ind.

6. Coopers' Coöperative Association, Detroit, Mich.
7. Expressmen, Detroit, Mich.
8. Foundrymen's Coöperative Manufacturing Co., Chicago, Ill.

9. FURNITURE WORKERS:
   a. Coöperative Reed Chair Factory, Michigan City, Ind.
   b. Mechanics' Furniture Association, St. Louis, Mo.
   c. Central Furniture Co., St. Louis, Mo.
   d. Furniture Workers' Association, St. Louis, Mo.
   e. Coöperative Furniture Co., Cincinnati, Ohio.

10. Coöperative Match Factory, Indianapolis, Ind.

11. MINING:
   a. Coöperative Coal Co., Bloomington Ill.
   b. Coöperative Mining Co., Fairbury, Ill.
   c. Coöperative Coal Co., Peoria, Ill.
   d. Union Mining Co., Cannelburg, Ind.
   e. Coöperative Mining Co., Fontanet, Ind.
   f. Coöperative Mining Co., Huntsville, Mo.,
   g. Summit Coöperative Coal and Mining Co., Macon, Mo.

12. NAIL MILLS:
   a. Steubenville, Ohio.
   b. Iron and Steel Nail Works, Belleville, Ill.
   c. Wellston, Ohio.

13. Coöperative Packing and Provision Co., Chicago, Ill.
14. Coöperative Corn-Cob Pipe Co., St. Charles, Mo.

15. PLANING MILLS:
   a. East Side Planing Mill, Kansas City, Mo.
   b. Mechanics' Planing Mill, St. Louis, Mo.

16. POTTERY WORKS:
   a. Potters' Coöperative Co., East Liverpool, Ohio.
   b. Standard Coöperative Pottery Co., East Liverpool, Ohio.
   c. Ohio Valley Coöperative Pottery Co., Tiltonville, Ohio.

17. PUBLISHING COMPANIES:
   a. Publishers of the *Knights of Labor*, Chicago, Ill.
   b. Coöperative Publishing Co., Scandia, Kan.
   c. Publishers *Trades-Union*, Atchison Kan.
   d. Publishers Daily *Evening Star*, Bay City, Mich.
   e. Publishers *Industrial News*, Toledo, Ohio.

18. Boot and Shoe Coöperative Association, Detroit, Mich.

19. SOAP WORKS.
    - *a.* Assemblies Coöperative Soap Co., Toledo, Ohio.
    - *b.* Knights of Labor Coöperative Soap Co., Chicago, Ill.
20. STOVE WORKS:
    - *a.* Coöperative Co., Bloomington, Ill.
    - *b.* Western Stove Works, Peoria, Ill.
    - *c.* Western Stove Manufacturing Co., St. Louis, Mo.
    - *d.* Coöperative Stove Co., Cleveland, Ohio.
21. Coöperative Tile Co., Cable, Ill.
22. TOBACCO FACTORIES:
    - *a.* Coöperative Cigar Factory, Lafayette, Ind.
    - *b.* Coöperative Cigar Co., Delaware, Ohio.

In the foregoing list I have included a few companies that are already dead, but concerning these certain facts have been obtained that seem to be of importance, and all of them will be mentioned. Some may have died since my information concerning them was obtained, but no company has been included in the list except such as appeared to have a recent history worth knowing, and most of them are living and said to be prosperous. The more important among them will be briefly noticed.

MINING COMPANIES—(1). In 1883 certain men at work for the Buckeye Mining Company, of Cannelburg, Indiana, joined L. A. 1436 of the K. of L., and were in consequence discharged. They had credit enough to enable them to borrow $2,000, with which they leased land near the Buckeye works and sunk a shaft. To meet their notes when maturing they appealed for help to the order of the K. of L., and March 3d, 1884, the Executive Board issued a circular stating their case and enthusiastically pleading their cause. Powderly, at that time less experienced and more hopeful than since, wrote as follows:

"Can anything be done for our Cannelburg brothers? If no other plan presents itself, levy an assessment or issue an appeal—anything to preserve them. The money is well invested; really it is the first sensible move that has been put into practical operation. These men are locked out, and instead of sitting down and sucking their thumbs in idleness, awaiting assistance from the order, they go to work and flank the enemy by entering into competition with him. Let them have the Assistance fund, the Coöperative fund—only don't let them fail. It will be the biggest card for the order we ever played. Count on my entire and hearty coöperation in anything you may do for them."

The $2,000 needed for immediate use was advanced by L. A. 300, composed of glass-workers, who had been helped by the order to a successful issue in a strike not long before. The general Executive Board of the K. of L. was incorporated as the Union Mining Company, of Cannelburg, Indiana. Ten thousand dollars was raised by the issuing of two thousand debentures of five dollars each, which were taken by individuals or assemblies. It was decided that from the proceeds of the mine were to be paid, (1) current wages to laborers; (2) incidental expenses, and (3) five per cent. interest to debenture holders. If there should be any profits remaining they were to be divided so that ten per cent. should go to the general coöperative fund, ten per cent. to the sinking fund for the purchase of debentures when they should be offered, three per cent. to the local educational fund, and seventy-seven per cent. to be divided equally between labor and capital, "in proportion to value of investment." Plans were made for laying off the land into small lots and selling these to the men on easy terms for homes. A coöperative store was to be started which should save the laborer from the necessity of trading at the old Buckeye "pluck me," and everything seemed to promise immediate success.

When everything was ready to begin operations it was found that those concerned had been reckoning without their—railroad. A switch had been built from the railroad to the mine, but though the general manager of the road—Mr. Peabody, of the Ohio and Mississippi—made repeated promises to have it connected with the main track, the work still remained undone. Thus, having invested over $12,000 in the affair, the Knights found themselves unable to ship a ton of coal, because the old Buckeye company had influence enough to make a common carrier violate its trust. Even were the switch connected with the main track, it was certain that the road would discriminate against the coöperators. To enforce their rights in the courts was a proceeding far too costly to be undertaken by those who had strained every nerve to make the necessary improvements at the mine. Nothing remained but to sell out for what could be got. The details of closing up the affairs of the company I do not know.

2. At Fairbury, Illinois, there was a strike of miners in the spring of 1886. They sunk a shaft and began taking out coal for themselves, and secured most of the local trade. The railroad company refused to lay a side track to the mine. The men were afraid to go to the expense of laying a track themselves, lest after it was finished the company should refuse to haul the coal, or rather should refuse to furnish cars for hauling it. "The courts have decided that while a railroad may be compelled to haul freight, it cannot be compelled to furnish cars." Such failures as the above are obviously gratuitous. It is cases like these that cause the labor papers to insist that justice is becoming a luxury which the poor cannot afford.

3. The Coöperative Mining Company of Fatanet, Indiana, went to pieces, after a general and acrimonious quarrel among its members. Liabilities $10,000; assets not mentioned.

4. At Huntsville, Missouri, the largest mine in the place was deserted for five months in consequence of a strike. At last an arrangement was made by which the miners took entire control of the mine, using the company's machinery, and paying to the company a royalty of one cent per bushel. All over this belongs to the miners, and is used to meet running expenses, the net profit being then divided among the men.

5. At Peoria, Illinois, the Coöperative Coal Company is said to have a capital of $20,000 and to be prospering.

6. Two of the mining companies seem to be conspicuously successful. One of these is located at Bloomington, Illinois. It was incorporated July 16, 1885, with a nominal capital of $30,000. Like most of the other attempts of the kind, it originated in dissatisfaction with the wages and treatment received from an established company. After the enterprise was begun the men interested still kept on at their work, and the old company kept intensifying their earnestness by getting larger mine cars and docking them more and more for the slack contained in the coal. When the first load of coal was drawn from the new shaft that the coöperative company had sunk, there was great rejoicing, and this first load was repeatedly auctioned off, bringing in all five hundred and five dollars.

The shares of the company are one hundred dollars each, and it is simply a common joint-stock concern; but the thirty shares are held by twenty-two persons, all of whom work in and about the mine, with the exception of one or two merchants, who bought stock to obtain the good-will of the miners.

7. The Summit Coöperative Coal and Mining Company, operating mines near Bevier, Macon county, Mo., was incorporated in July, 1885. The immediate cause was a strike against the employment of negro labor by the old company. The capital stock is $5,000 in ten-dollar shares, which are held by one hundred and fifty persons, and is nearly all paid in. The company holds the lease of two mines, giving claim to four hundred and fifty acres of coal, one hundred and thirty acres of land and thirty-six tenement houses. The royalty for the first year is remitted. Work is plentiful and wages high in winter, but at this time the profits are also greatest, even considering the high wages. There is work for two hundred and fifty men in winter and for only one hundred and forty in summer. The members of the company therefore expect to provide constant work for themselves, and also to make a certain amount of profit from that done by the "transients" between October and April.

The men, whether shareholders or not, are to submit to a five per cent. reduction from their nominal wages, which is to be added to the profits of the company. No profits are to be divided until the company shall have a surplus of net profits to the amount of $12,000. The division of profits is left to the board of directors, and non-shareholding laborers are to receive "an equitable dividend in proportion to the amount of wages earned." No person can own more than ten shares. The value of the annual product is about $85,000. The company farmed some of their land during the last year, and expect to make some brick, put up a store, and build additional tenement-houses as soon as possible. Relations with the railroads are thus far very satisfactory, and coal dealers in a place as distant as Atchison, Kansas, find it profitable to advertise in the labor papers that they keep the "Bevier coöperative coal."

FURNITURE MAKERS.[1]—1. In 1878 a company of strikers organized the St. Louis Furniture Workers' Association, and began what has proved a prosperous career. The amount of capital at the present time I have not learned, and have no means of judging except from the statement that the shares are twenty-five dollars each, and that there are two hundred and eighty shareholders. Of the shareholders ninety-six are laborers, and since February 1st, 1886, they have given up ten per cent. of their wages to form a fund for buying in the outside shares. No person can hold more than twenty shares. Wages are regulated by committees appointed for the purpose. Part of the men are paid by the week at from twelve to fifteen dollars per week, and the piece-workers receive what are considered fair wages. Profits remained undivided till 1884, when a dividend was declared and paid in stock. The stock is now all taken.

---

[1] For the facts regarding this and some other St. Louis enterprises, I am indebted to an article which appeared in the *Age of Steel*, about a year ago.

2. The Central Furniture Company, also of St. Louis, began operations in 1881. The capital stock is $30,000, which is all paid up. The shares are one hundred dollars each, and the number which can be held by one person is not limited; the stock is held by some fifty persons, about four-fifths of whom are at work for the company. In 1882, at the end of the first year's business, a possible six per cent. dividend was carried to the reserve fund; in 1883 a dividend of forty-five per cent. was declared, but only thirty-five per cent. was made payable, and this in stock; in 1884 a twenty per cent. dividend was declared, five per cent. of which was paid in cash, and the rest in stock; in 1885 the dividend was passed.

3. A third enterprise of this kind, also of St. Louis, is the Mechanics' Furniture Association, which began business in March, 1885. The capital stock is $25,000, half paid in. The shares are fifty dollars each, and those that have been taken are held by one hundred and fifty persons, sixty-five or seventy of whom are workers. Nine directors have general control of the wages; three trustees look after the financial part of the concern, but the president has power to make purchases and sales. Ten per cent. of the wages will be held back, and stock dividends declared till the shares are all taken.

4. The Coöperative Furniture Company, of Cincinnati, Ohio, was incorporated July 13th, 1886, and began work on the 25th of the following October. The immediate cause of the formation of the company was the failure of the "eight-hour strike." The capital stock is $50,000, divided into shares of $100 each; the members of the company must each hold the same number of shares. At the last of January, 1887, $34,500 of stock was taken, which was held by sixty-nine persons. The last six purchasers of stock have paid twenty-five dollars premium ont heir shares, which, if I understand my informant correctly, means a premium of five dollars per share. There are fifty-one men employed,

all of whom own stock. Profits are to be divided equally among shareholders. Their opinion is that what is called distinctively "profit-sharing" is "a good scheme for the manufacturer," an idea which is rather common with the more radical of the thinkers among laborers.

5. The Coöperative Reed Chair Factory, of Michigan City, Ind., was organized August 14th, 1886. The old factory decided to use convict labor, and so the men began on their own account. The nominal capital is $50,000, in five-dollar shares; the value of the annual product will be about $25,000. There are at present five hundred shareholders. The company employs forty-two men, of whom all but eight are shareholders, and these eight are all minors. Profits are divided in proportion to the amount of stock held. Henry Bird, the secretary of the company, has had some twenty years' experience in labor organizations, and looks forward to "universal coöperation" as possibly to be attained in three or four generations. Ignorance and jealousy he finds the greatest drawbacks.

PLANING MILLS.—1. The Mechanics' Planing Mill Company, St. Louis, Mo., began business in 1874 with a nominal capital of $50,000, but with a supply of available cash amounting only to $10,000. The concern is only slightly coöperative in practice, and not at all so organically. The transferable shares are of the value of $500, and were issued to outside parties or workers, for cash or scrip—the latter representing unpaid wages. There were at first twenty-five or thirty stockholders, about three-fourths of whom were laborers. The officers make purchases and sales, but a board of directors fixes the amount of wages. For a long time the company was very much embarrassed by lack of adequate capital. A book-keeper of the early time says that on pay-day he was compelled to settle first with non-shareholders, and then pay the members of the company only just as much as he thought they had to have to prevent starvation. The shareholders, who were also workers, were mainly Germans; they grumbled at this sort of treatment, but submitted. The company was at one time refused ten feet of belting because the cash did not accompany the order. In the second year a fire caused a loss of $8,000; they managed to get lumber on credit, and the stockholders put up the building. After this they began to conquer success, and in 1884 the stock was all taken. They now have an undivided surplus of $35,000, and the shares are worth double their face value. Dividends have usually been ten per cent. The wages paid for piece work are usually a trifle higher than are paid elsewhere in the city.

2. The East Side Planing Mill, of Kansas City, Missouri, though spoken of as coöperative, is really a profit-sharing enterprise, and one where the latter principle has only recently been introduced.

CARPENTERING.—1. The Carpenters' Coöperative Association, of Decatur, Ill., was incorporated October 17th, 1885. Stock is $5,000, in ten-dollar shares, held, or at least subscribed for, by eighteen persons. Profits are divided on basis of stock owned, but the association aims to pay a little better wages than competing firms. Twenty-three thousand dollars' worth of work was done during the first quarter, and from repeated notices in the labor press, it may be inferred that the association is still prosperous.

2. Of the nature of the Coöperative Sash and Blind Factory, at Rushville, Ind., I have not been able to learn definitely.

STOVE WORKS.—1. The Cleveland Coöperative Stove Company is a large institution, and one long established. It was incorporated in 1867, and was for some time thoroughly coöperative, profits being divided with the laborers. A long and gallant fight was made, but under this management it was found that not enough capital could be secured. The works were practically closed for two years, and when work was resumed the company was an ordinary joint stock concern, except that a good deal of the stock was held by employés. The capital is $250,000, in shares of one hundred dollars each. Of the three hundred and fifty men employed, about ninety are shareholders. The value of the annual product is about $400,000. Profits are now divided on the basis only of stock held. A branch house is established at St. Louis. The experience of this company is of use as giving an obvious and concrete example of the rule that capital must be allowed a sufficient return, or it will not be used to provide for the laborer the means of laboring.

2. The Coöperative Stove Company, of Bloomington, Illinois, was incorporated in June, 1886. A strike preceded its formation, caused partly by low wages and partly by the persistence of the old company in the method of putting on a large force, doing a year's work in six or seven months, and then discharging the men for the remainder of the year. The capital stock is $12,000 in $10 shares, this being the smallest share which the laws of Illinois allow. There are forty shareholders, and no one is allowed to hold more than one hundred shares. A circular appeal was issued to the assemblies of the Knights of Labor, and various local and district assemblies together subscribed for $4,000 of stock. Profits are divided according to amount of stock held, but as long as all the stock is not taken any of the men at work for the company can join it.

3. Of the two other companies, I know little more than that they are reported to exist.

POTTERY AND TILE WORKS.—1. The Standard Coöperative Pottery Company, of East Liverpool, Ohio, was incorporated August 18, 1886. A favorable opportunity offered at that time for purchasing the works that the company now owns, and the men organized to take advantage of this opportunity, the object being, as stated by one of the men, to secure to the workers the profits, if there were any, of the business, and at any rate to provide steady work for the stockholders. The capital stock is $20,000 in forty shares, which are held by thirty-four persons. No person can hold more than two shares, and each stockholder has but one vote. Fifty-four men are employed, of whom twenty-six are shareholders. The value of the annual product, in case the works are run the full fifty-two weeks, is $70,000. The company manufacture iron-stone china and decorated ware, and are doing a good business at present. They do not expect to realize any profits before the end of 1887, as it is found expensive to get the product into new markets.

2. The Ohio Valley Coöperative Pottery Co., "manufacturers of Rockingham and yellow-ware, terra cotta hanging baskets, flower-pots, etc.," was organized on November 18, 1885. The paid-up capital is $4,000, held by twenty-six individuals. The number of men employed is sixteen to eighteen, of whom perhaps a majority do not own stock or share in profits.

3. The Coöperative Tile Company, of Cable, Illinois, was organized in March, 1886, after the feasibility of such an undertaking had been discussed at length in the local assembly of the Knights of Labor. The capital stock is $4,000, in shares of fifteen dollars each, and is held by twenty-three persons. The value of the annual product is estimated at $15,000. Eighteen laborers are employed, of whom all but four own stock, and these can receive stock in exchange for labor if they choose. Profits are divided on the basis of capital invested. No member is allowed to hold more than twelve shares, or if he does so they secure him no additional votes. Most questions are settled by the wishes of the majority of members, but when issue is made a member holding twelve shares can demand twelve votes. The secretary writes that most of the opposition to the enterprise has come from laborers not connected with it, who are jealous and suspicious of the undertaking. Lack of sufficient capital has also hindered the development of the business, but orders are said to be plentiful and prospects bright.

Clothing Factories.—1. Our Girls' Coöperative Clothing Manufacturing Company has received especial encouragement from the labor papers and the various assemblies. The girls comprising the company were locked out for taking part in the labor parade of September 6, though they had supposed that their employer had consented to their doing so. "Being afterwards blacklisted, it became a question of coöperation or starve." The ten-dollar shares have been liberally subscribed for by the Knights, and the company seems likely to get started. It is the intention to fit up a room with twenty or thirty machines and take work from the large manufacturers of ready-made clothing, thus doing away with the sub-contractors.

2. By far the most tastefully printed copy of by-laws and constitution as yet received from any coöperative enterprise, bears upon the cover the initials, M. W. C. A. Being interpreted, these letters signify Martha Washington Coöperative Association, which organised for the manufacture of overalls, shirts and knit goods. The nominal capital is $10,000, in five-dollar shares. None but members are to be employed; ordinary wages are paid. Ten per cent. of profits are to go to a reserve fund, and the rest to be shared in monthly dividends among the workers, in proportion to the amount of work done. "Stockholders not sewing" are to receive six per cent. on the investment after the first year. All the officers are women.

Other Industries.—1. The Boot and Shoe Coöperative Association, of Detroit, was organised in September, 1885. It has had to fight hard for each month of existence from that time to this. Of the $50,000 of nominal capital, only $1,800 has been paid in. It is thoroughly coöperative.

2. There seems to be nothing substantial under all the talk of those who have the Chicago Coöperative Packing and Provision Company in the process of alleged creation. A very conspicuous advertisement in the *Knights of Labor* of

December 18, 1886, announced that $30,000 of the capital stock of $500,000 was already subscribed. The same advertisement announced that "the business will be capably and economically managed without risks, and depending on regular profits through a continuous chain of interstate union markets. The establishment will employ union labor only, and run on the eight-hour plan." An editorial in the same paper told of an offer to the company, made by the citizens of Iowa City, to pay a cash bonus of $20,000, besides various local facilities for beginning business, worth "at least" $30,000 more, if the company would locate their works at that place.

3. Of the other companies enumerated above, it will hardly be worth while to speak. Of some of them I know almost nothing, except that they are said to exist, and that they claim to be coöperative. The publishing companies have been especially uncommunicative, none of them finding it possible to answer letters of inquiry concerning their organization and methods of operation. Some of them, there is good reason to believe, are merely companies of two or three printers who had money enough between them to start a paper, and called the company coöperative because anything so called is now popular with laborers. Of some of the enterprises there are at hand statements as complete as many of those already given, but it seems useless to extend further the accounts of half-formed and wholly inexperienced companies.

POINTS OMMITTED—CONCLUSIONS.

In the foregoing survey no mention is made of communistic societies, except as they may have originated in what is known as "labor agitation." Neither has any attempt been made to obtain the facts relative to the numerous and prosperous "building associations." Drs. Shaw and Bemis have described with sufficient fullness their methods and influence.

C

As for collecting and tabulating the concrete results achieved in the middle West by these associations, it can only be said, that while such a summary would have some value, yet it is not possible for a single individual to compile it for so large an area. Laws requiring annual reports to some state official, and the work of the state bureaus of labor statistics, might render the facts accessible. Insurance companies, claiming to operate on a "coöperative" or "mutual" plan, are to be found all over the country, and differ scarcely at all in aims or management from those that have seen fit to choose other words "to conjure with" in the writing out of their advertisements. Profit-sharing is a form of coöperation much commended by many writers on these topics. I have learned of ten or fifteen establishments in the middle West where practical attempts in this direction have been made, but they are so entirely tentative that any detailed statement would be of little use. Mr. N. O. Nelson, of the Nelson Manufacturing Company of St. Louis, has recently published a pamphlet on the subject, in which he tells of the experience of himself and others in this direction, and gives his conclusions as to the efficacy of this method of solving some of the industrial problems of the time.

The causes that now retard the development of the coöperative element in our industrial organization may be given under six heads, and these can in turn be grouped by pairs in three classes. The first two are external and adventitious, the second two are inherent in the character of the individual coöperators, and the third two are inherent in the nature of coöperative enterprises.

1. A serious drawback is the want of proper legislation, which has been previously mentioned while discussing coöperation among farmers. A bill is now before the Illinois Legislature to make possible the incorporation of coöperative companies, but its provisions are so general as to be nearly worthless. Experience has proved that careful, definite,

circumstantial legislation is to successful coöperation not an impediment but a help, not a restraint but a guide.

2. A general organization to embrace all coöperative enterprises is much needed. The Knights of Labor have attempted much in this direction and accomplished little as yet. What is called the American Coöperative Union was organized toward the end of 1886 in Ohio. William Gossage, of Mount Vernon, Ohio, is the "governor general," and the central office is located at Janesville, in the same state. It seems to have had a purely local origin, but aims "to combine in one grand union all beneficiary, trades unions, educational, religious, supply, distributive, productive, building and banking companies, societies, or associations of whatever name or nature, in order to bring about complete coöperation through the interwoven interests of all." The aims are certainly comprehensive and the effort commendable, but a reading of the constitution, wherein poetry is quoted, and grammar is used as bad as that just given, leads one to doubt if the union can be successful. It seems altogether likely that some of the attempts in this direction now being made in the East will result in the formation of a society or societies that can extend west, as fast as there are established coöperative companies to be benefited thereby. The coöperative fair at Cincinnati proves the desire for inter-communication and the possibility of it. Elaborate attempts like that of the "American Union" and the Cincinnati "Distributive Association" can only serve as evidences of the American tendency to lay the cap-stone before the foundation.

3. The checks upon the extension of coöperation that result from bad morals are very obvious, and have been often enough insisted on. It is because good morals are so essential to successful coöperation that coöperation, where possible, is such an efficient aid in the development of better morality.

4. Lack of intelligence is another obstacle which can be hardly overcome, except by removing it. The intellectual faculty which is most important to a coöperator, is the power to estimate correctly his own capacity and that of his coadjutors, in order that he may choose leaders wisely, and submit to them willingly. The weakest point in the thinking of laborers and in the arguments of labor leaders, is that they cannot manage to appreciate the economic value of brains. The greatest desideratum in the economic discussions of the present time is a unit of brain power.

5. This brings us to the inherent defect of the coöperative form of industrial organization, which is, that under this form the highest prices cannot be offered, either to capital or to managerial ability. As regards capital, this fact is not of great moment, as lenders do not insist on very high interest, if only its payment be certain. It is only while enterprises are new that capital demands high rates, as insurance against loss.

6. That coöperative companies have, as yet, found no way to pay the highest rates for brain power, is a more serious matter. Francis A. Walker has carefully differentiated profits from insurance against loss, and from interest on capital, and thinks that they are determined by a law analagous to that of rent. He says that there is a no-profits class of *entrepreneurs*; that is, of managers who get for the work of superintendence no more than other laborers do for performing other work. Now, if a manager, who produces for the same market as does one of this no-profits class, can so organize the industrial forces that he controls as to produce more cheaply, it is evident that the difference in the cost of production at the two establishments will measure the amount of profits accruing to the better manager. This likening profits to rent leads us again to consider the capacity for affecting economic production resident in the brain of man—or perhaps we should rather say, in the non-physical part of man. As a fertile field produces for its owner a surplus over and above the amount of labor

expended, so a "fertile brain" will produce for the lucky *entrepreneur* that owns it a surplus of profit to which no other man can have a claim. It may be further noticed that in the cultivation of brain power there has been found no fixed law of diminishing returns. While the supply of land is limited, and its fertility capable of exhaustion, the supply of brain power is apparently limitless, and its improvability unmeasured.

Walker speaks always as though it were the ability of a single manager that had an influence on profits, but that basis is surely too narrow. Instead of "a no-profits class of *entrepreneurs*," it would be more in accordance with facts to speak of "a no-profits class of establishments." Doubtless the ability of the chief manager is the most important factor in determining whether or not there shall be any profits at all, but it is not the only one. So long as there is in any person connected with a given establishment—whether he be the superintendent or not—the capacity to earn by diligence, or economy, or intelligence, more than his wages, that person has within himself the power to influence the amount of profits to be made. The success of any manager must depend very largely on the class of men he is able to secure. The combined abilities of the manager and the men will determine the place in the industrial scale of a given establishment, and so the amount of profits it can make. Production will be cheapest where the energies of all concerned are stimulated to the utmost possible limit of continuous achievement. The inherent weakness of coöperative enterprises, *as usually conducted*, is that profits are so divided that they fail to secure the best managers, or the best energies of the managers secured; their inherent strength is in the fact that they can secure the most faithful and intelligent laborers, and can offer them inducements to labor with a maximum of fidelity and intelligence. The relative importance of these two factors in the cost of production in a given industry is a guide to the probability of successful coöperation therein.

CHAPTER III.

COÖPERATION AMONG MORMONS.

A recent pamphlet of about a hundred pages bears the following title: "Social Problems of To-day, or the Mormon Question in its Economic Aspects; a Study of Coöperation and Arbitration in Mormondom, from the Standpoint of a Wage-worker." The author, who uses the *nom de plume* of "A Gentile," is Dyer D. Lum, now of Chicago, and prominent in labor agitation there. He was for a time a United States official in Utah, and wrote a previous pamphlet on "Utah and its People." His last work has been extensively reviewed by the labor press, and has met with much favor at the hands of the more radical. By Lum, as by many writers of his class, coöperation is used in the broad sense of association. The great work of compelling a desert not only to blossom as the rose, but to produce over fifty bushels of wheat to the acre, he includes in the results of what he calls coöperation. One sort of coöperation this certainly is, and its claim to consideration in such a study as this will be examined later on. But, apart from such a form of industrial achievement, the Mormons have built up a mammoth mercantile enterprise which is called coöperative, and by its name challenges the investigation of its claim to be so called.

"ZION'S COÖPERATIVE MERCANTILE INSTITUTION."[1]

The great commercial enterprise, which is usually referred to as the Z. C. M. I., was undertaken in 1868. The prices for ordinary commodities, such as merchants usually handle, were as exorbitant in Utah as in most western communities, and one object—and the main one which was urged by Brigham Young for the establishment of the "institution" —was to give consumers cheaper rates. Speculation was active. "Wheat that was bought in one place for seventy-five cents per bushel, was sold in isolated mining camps for twenty-five dollars per hundred-weight."[1] "In 1864 merchants had risen to opulence. Commerce was gradually but surely throwing all money to a few hands."

---

[1] My sources for this part of the monograph are mainly these: (1) Lum's pamphlet, already mentioned; (2) A file of the *Z. C. M. I. Advocate and Commercial Register* for 1886; (3) A lengthy statement sent me by H. W. Naisbitt, editor of the *Advocate*; (4) A copy

"Early in 1868 the merchants were startled by the announcement 'that it was advisable that the *people* of Utah Territory should become their own merchants,' and that an organization should be created for them expressly for importing and distributing merchandise on a comprehensive plan. Although in the prosecution of this work the church was threatened with a formidable schism, Brigham Young never faltered; it was an economic rather than a religious heresy he had to confront. In Mormon society the two elements of organization—the social and the religious—have ever been combined, and it was to prevent their threatened divorce that this step became necessary.

"In October, 1868, President Young called a meeting of the merchants, and it was then and there determined to adopt a general coöperative plan throughout the territory. The late Mr. Jennings, one of the largest merchants, and perhaps one of the wealthiest men in Utah, rented his store to a coöperative association for five years. The people possessed the genius of coöperation and Brigham Young possessed the *will*, while around him there was a small circle of men who, for commercial energy and honor, instincts for great enterprises, and financial capacity generally, would be esteemed as preëminent in any commercial emporium in the world.

---

of the "Agreement, Order, Certificate of Incorporation and By-Laws of the Z. C. M. I.;" (5) Answers at length to questions asked of Hon. John T. Caine, Territorial delegate from Utah; and (6) Correspondence with various "gentile" observers of the operations of the great "Institution." With only such sources as these, it is evidently not possible for one so far away to make an exhaustive study of such an enterprise; but if all statements of fact are carefully credited to the proper authorities, the incompleteness of a preliminary study need not mislead.

[1] So. Prob. of To-day, p. 10.

> The policy which had been wisely and considerately pursued in purchasing the stocks of existing firms, or receiving them as investments at just rates, shielded from embarrassment those who otherwise would have inevitably suffered from the inauguration and prestige of the new organization. Simultaneously with the framing of the parent institution, local organizations were formed in most of the settlements of the territory, each drawing its supplies mainly from the one central depot. The people, with great unanimity, became shareholders in their respective local 'coöps,' and also in the parent institution, 'Zion's Coöperative Mercantile Institution.' Thus, almost in a day, was effected a great reconstruction of the commercial relations and methods of an entire community, which fitted the purposes of the times and preserved the temporal unity of the Mormon people, as well as creating for them a mighty financial bulwark."[1]

Besides the object of reducing prices and uniting interests, there was also the influence in the minds of the originators of the plan of the idea of developing home industries. "It is evident that with but one importing house in the hands of the country's friends, struggling industries could be aided by partial, if not absolute, non-importation; but multiplying importers, particularly self-interested ones, would nullify our theory—the fostering of local industries."[2]

In reply to my questions as to the number of shareholders at various times, and the maximum, minimum and average amount of stock held by each, Mr. Caine replies thus guardedly:

> "It may be said the number of stockholders was never so numerous as desirable, but that in commencing this system many conditions had to be taken into account. There were already many merchants in Salt Lake City and Utah Territory, who were freely consulted, and with great unanimity they became investors, many of them selling out their entire stock to the new coöperative organization. These sales not only gave goods, but buildings also, which could not otherwise have been obtained, so that organization and a beginning in trade were almost simultaneous. Payment for the goods in excess of investment by the retiring merchants was made

---

[1] So. Prob. of To-day, pp. 10, 11, and Naisbitt writes to the same purpose.

[2] John T. Caine.

with that celerity which was contingent upon the establishment of credit in the regular, though then distant marts of our country. The first stockholders were of every grade, from the holders of a single share of $100 or less, to holders of larger amounts, $75,000, $50,000, $25,000 and $10,000, by merchants and prominent men, who, at the solicitation of the late president, Brigham Young, furnished these several amounts. He himself was a large stockholder. Originally the stockholders were all members of the Mormon church, and the majority are now so; but some few shares of stock are occasionally placed in the open market. . . . . . The intention of this organization was that it should be the supreme importing house of the people for the territory, and that auxiliaries of local organization, for distribution, should be formed in every colony or settlement. This barred many, in those days of limited means, from identifying themselves with the parent institution, as their little surplus was needed in the local organization; so that while the stockholders in the Z. C. M. I. might never have exceeded a thousand, large numbers were everywhere committed to that policy which meant self-defense, low prices, and, to the Mormon, the education in business directions of great numbers who, as directors, buyers and salesmen, have attended to this coöperative business, and thus preserved, in great measure, the Territory from being overrun with speculators and adventurers."

The scope of the business done may be judged from the following extract from the full page advertisement of the institution: "Among our leading departments are groceries, hardware, metals, stoves, tinware, crockery, glassware, dry goods, notions, clothing, carpets, boots, shoes, shoe-findings, stationery and drugs, continually replenished with the most choice goods from the markets of the world."[1]

As to the financial success of the institution there can be no possible question. Its stock, to the amount of $1,000,000, has been maintained at par. Its annual sales now reach a figure somewhere between four and five millions, its pay roll averages $30,000 per month, and the freight bill is nearly $300,000 per annum. Since beginning business in March, 1869, it has paid dividends to the amount of $1,370,415.86.[2]

---

[1] *Z. C. M. I. Advocate*, November 15, 1886.

[2] John T. Caine.

The following is the official statement for the fiscal half year ending July 31, 1886:[1]

RESOURCES.

Mdse. on hand	$ 995,917 51
Notes receivable	180,682 74
Accounts receivable	261,322 38
Cash on hand	26,629 10
Real estate in Salt Lake City, Ogden, Logan, Soda Sp'gs and Provo	240,846 66
Machinery at shoe and clothing factories and tannery.	33,400 00
17 horses, 2 Mules, 16 wagons, 10 sets of harness, 10 tons of oats, and 4 tons of hay	2,311 00
Provo Manuf. Stock	291,40
	$1,744,410 79

LIABILITIES.

Bills payable	$ 446,710 02
Accounts payable	18,361 34
Unpaid dividends	4,275 99
Temporary deposits by customers	3,415 65
Outstanding orders drawn on us for mdse. at retail	1,046 57
Capital stock	999,877 71
Reserves	184,015 30
Undivided profits	86,667 61
	$1,744,410 79

The places where the Z. C. M. I. owns real estate mark each the location of a large and prosperous branch house, and the statement also indicates the productive undertakings that have been started directly by the parent institution.

The *Advocate*, after giving this statement, adds: "From the undivided profits mentioned above a dividend will be paid of 5 per cent., as usual; the balance goes to the reserve fund.

"At the annual election, held at the Social Hall on the 5th inst., the old officers and directors were re-elected."

One who is an enemy of the Mormons, and denies that the Z. C. M. I. is in any sense coöperative, would point to this last sentence as an evidence of the fact that the great institution is but one of the means by which the Mormon hierarchy holds in subjection the Mormon people. "The profits of it are the prophet's," says Benjamin F. Taylor, and there are many who hold that its amazing success is no more an example of what free industrial coöperation can do than was the building of the pyramids. Gentile correspondents write that in the upbuilding of this institution the Mormon people have been merely "dumb, driven cattle." "The Z. C. M. I. was originally organised to keep out the trading gentile, and bind all the people together in trading interests by giving them an interest in their church stores. The Mormon theory of coöperation looks well on paper, but in practice it is exactly the reverse of what it pretends to be."[1]

---

[1] *Z. C. M. I. Advocate*, October 15, 1886. There is a mistake of $40 in adding the liabilities column of this statement.

Even "on paper," it can be shown that the institution is an ordinary joint-stock corporation, and that its offices have been filled by the same men that filled the offices of the Mormon Church. Brigham Young was its first president, and John Taylor was his successor in the position. It is said by many that at first a large number of the people held stock, but that the smaller holders have been "crowded out." When, in 1870, the company was incorporated the stockholders numbered but twenty-one, and of the $199,000 of stock then taken four men held $177,300 worth. These four men, and the number of their respective shares, were as follows: William Jennings, 790 shares; Brigham Young, 772 shares; William H. Hooper, 110 shares; and David Day, 100. Next to these came Brigham Young, Jr., with fifty-three shares. Later on the Mormon Church itself bought largely of the stock—was said to own a third; but in anticipation of the confiscation of church property this has lately been transferred to individuals.

The Mormon urges the claim of the institution to the title coöperative, on the grounds that the great corporation has been operated, not in the interests of the stockholders, but of the people. Ten per cent. per annum has been paid to stockholders on capital invested, but that is really not high interest for a western territory; and it is urged that prices have been gauged, not by what could be got for the goods on hand, but by the cost price plus the lowest possible charge for handling. It is claimed again and again that it has never taken advantage of opportunities to charge a monopoly price when there happened to be an inadequate supply of some commodity of which the institution had a large stock on hand. The *Advocate*, the monthly organ of the Z. C. M. I., exhorts the "local coöps" to charge only as much as is really necessary—not in the name of commercial expediency, but in the name of brotherly fairness and loyalty to the church. It is, indeed, from time to time covertly pointed out that expediency and duty indicate the same course, but still the highest note in all the pleading is that of obligation to their neighbors, to the Mormon Church and to the Mormon people. "Many of the local coöperative stores have limited their dividends, retaining a part of the profits made each six months to extend by coöperation industrial and manufacturing facilities, so that furniture, lumber, shoe factories, tanneries, butcher shops, dairies, grist mills and other industries have been inaugurated and built up slowly, but effectually, from the nucleus of the original store. Some of the local stores have retained a half of the surplus exhibited on their inventories from time to time, for the purpose just mentioned, and while there is some danger of an abnormal expansion under enthusiastic directories, the instances of failure are rare indeed."[1]

---

[1] J. Brainerd Thrall, of Salt Lake City.

It is easy to see how a Mormon looks at such "expansion" as resulting in a great benefit to the community, while a hostile critic can see in it nothing but a strengthening and multiplying of the chains that bind the Mormon people.

---

[1] Caine's statement.

One thing is very obvious, and is insisted on by friends and foes. This is the fact that the Mormon mercantile system is really, though not nominally, dependent upon the larger religious system that makes of the Mormons a peculiar people. "The management of the institution," says Caine, "is essentially democratic as to its semi-annual meetings of stockholders, where all persons give expression to their ideas." Yet he adds: "But the moral, financial, and—it may be said— ecclesiastical character of the directors and leading officers has given such faith in their integrity and experience that but few questions as to management are asked." It will be noticed that, viewed from a commercial standpoint alone, the results of the operations of the Z. C. M. I. have been much the same as those reached by the wholesale coöperative stores of England. The order of development of the local and central establishments is exactly opposite in the two cases.

OTHER FORMS OF MORMON COÖPERATION.

As to the economic bearings of this confidence in leaders in other industries, the statement made by Mr. Caine well expresses the Mormon views of the question, and his words "may as well be quoted as paraphrased:"

> "It is beyond question that Utah would have remained a desert, or at least have now been made up of a few straggling ranches, but for the advent of the indomitable 'Mormon' pioneers. They came here by compulsion; that is, they had to get away somewhere from plunder and extermination. Civilization had shut its doors against them, and compelled them to desert lands bought from the government, and homes erected by patient toil, in the intervals of peace, for which they have never received any recompense. Two years' travel brought them here decimated but not destroyed. The land, Indians, crickets and drought were here before them. The few streams, far apart from each other, rushed down canyons untraversed, roadless and bridgeless. These had to be explored, cut through, blasted, graded and cleared; for here in almost inaccessible fastnesses was timber for building and fuel; and water, after intense labor and a struggle now unappreciated, was brought on to the thirsty soil, and thus the scorched deserts were forced to

yield a scanty crop—if crop it could be called. If farms had to be fenced, it could only be done by united efforts—coöperation. If ditches and canals had to be made, no facilities were there but the pick and shovel in the hands of toil; if roads had to be made, each man, and boy, and team worked as though they alone had to reap the benefit. Everything was new; everyone was without experience; but nerved by the needs of personal salvation, by love of wife and children, by dread of famine and death, by the spirit of freedom and faith in God, one foothold after another was made. Everywhere was encountered the same labor, the same difficulties and the same necessities; but emboldened and encouraged by success, these sturdy 'Mormons' persevered until for nearly eight hundred miles north and south, and in numberless quiet valleys east and west, the streams have been diverted, canyons explored and cleared out, until nearly 200,000 of an enterprising and not easily discomfited population fill Utah with sounds of industry and peace. Thousands of miles of canal, and tens of thousands of ditches speak of prodigious labor, and testify to the subtle power of coöperative work. Thus coöperation has given us farms, orchards, homes and population; it has given the people renown for patience, endurance and success; it has testified to moral courage, to industrial unity, to religious influence and faith, and pointed an example whose power is felt throughout the inter-mountain region, on the sunny slopes of the Pacific, on the great plains of Colorado, and in all the region roundabout.

"Our first lumber mills, grist mills and factories, as well as our settlements, were founded on the principles of coöperation that has its base in a religious faith; and now our stores, tanneries, woolen mills, dairies, and cheese factories, our churches, schools, and temples, as well as our ditches and farms, bear witness to the potency of coöperation.

"In regard to irrigating companies,[1] I may say that the institution of monopolies, the selling water rights, and, under the protection of law, the exaction of money for this privilege, are not likely to be multiplied in districts colonized by a 'Mormon' population, who will make their own facilities, creating by labor the watercourses needed, and combining them with the land in such a way that he who is without money is equally eligible to a share of the mountain streams, if his own right arm is only willing to join with that of his neighbors in performing the necessary work."

---

[1] I asked Mr. Caine for the points in favor of voluntary coöperation on the part of land-owners in securing water for irrigation, as opposed to the plan of allowing a large company to do the work, and then charging the farmers for the water. The latter plan is much used in Colorado, many of the companies are English, and as nothing can be produced without the water, the demands of the company are apt to be exacting and oppressive.

On this same point Naisbitt says:

"In the colonization of Utah and adjoining territories, where irrigation is essential to successful agriculture, ditches and canals were usually the creation of united effort or coöperation. * * * The original settlers did work on the ditches in proportion to the amount of land they desired to cultivate. Residents coming in afterwards would be called upon to take up shares which would be valued at the labor-cost of the work done per acre. * * * If land was obtained in the district, and settlers increased beyond the water supply of the ditches or canals already made, enlargement has been common, and many of the old coöperators, in order to secure protection in their vested rights, have, under local laws become incorporated; but the instances are rare in Utah where the ditches have been made by companies or individuals who had no interest in the land, but were simply sellers of water privileges. * * * In many cases the ditches have cost as high as fifty or sixty dollars per acre; and one dollar per acre for labor is not an uncommon levy for repairs."

The "gentile" authorities tell of these settlements as being the means by which the Mormons have obtained control of all the valuable land in Utah and large tracts in Nevada, Wyoming, Arizona, New Mexico and Colorado. They say that whenever a new and fertile canyon is discovered, or a watercourse capable of being used in irrigation, the supreme authority—the church—sends out a Mormon bishop with a band of slavish followers, who, under his direction, homestead and pre-empt such land as will command the water supply for the whole tract; and under his direction hold and improve it. That the Mormons, by their system of colonization, have thus obtained command over vast tracts, not only in Utah, but in the commonwealths named, is indisputably true. The only question is as to the "slavishness" of the workers.

Much work on the earlier railroads was done in the same way. "The territory being largely agricultural, and possessing surplus labor, was in good condition for the work. Much of it was done after seeding, and before harvest; much, also, after harvest and toward winter. * * * * The call was made on the settlements in something like an equitable proportion for a contingent of men and teams."[1]

That all these forms of coöperation are made possible only by the Mormon religion is admitted and affirmed by all. Caine thus concludes his statement of the case:

> "The essential elements of coöperation as it exists in Utah cannot be found elsewhere. Nevertheless, in the chapters of our history there are lessons for the sociologist, the political economist, the statesman, the philosopher, and the religionist, separately or combined. The unique experiment of Mormon coöperation, its successes and failures, its present and future, could be best studied on the spot. It is only regrettable that ignorance and prejudice are so combined, that almost none believe that any good can come out of this despised Nazareth of our magnificent country. Our people are not anxious to place themselves under the tyranny of monopolists, particularly if this has to be done at the expense of self-help—the boast of freemen—or of that united help, which supersedes the motto of 'live and let live,' by the more Godlike one, 'live and help live,' which is as much the key to Mormon history in the past as it will be to the triumphant vindication of its principles in the future."

Whatever else may be considered doubtful in the statements or arguments advanced by Mr. Caine, I suppose that no one can intelligently deny the truth of what he says regarding the importance of this great social experiment to students of social science. For present purposes it is only necessary to notice that from the lower classes—that is from the usually successless classes of this country and of Europe—has been drawn a people that has achieved great economic success under enormous difficulties. Bronterre O'Brien said of them, that they had "created a soul under the ribs of death;" and their labors have attracted the interested attention of men like Robert Owen and George Jacob Holyoake. Their enemies say that they have gathered together "the off-scourings of society," but even were this true, it would be of the greatest importance if we could learn how "the off-scourings of society" might thus be utilized in the up-building of such industrial successes. To say that it has been done by reducing the people to virtual servitude does not seem plausible, because with Federal artillery bearing on Salt Lake City, and Federal officers all over the territory willing not only to protect, but reward apostates, it is evident that nothing like physical or political servitude can exist. A large majority of Mormons own their homesteads, and ownership of land not only has been, but is the badge and guarantee of economic freedom.

---

[1] H. W. Naisbitt

It is interesting to note that tyranny and freedom may produce results that in their outward manifestations are very much alike. A far-seeing tyrant may wield his power entirely in the interests of those he governs, and a free people may resign and re-resign their power entirely into the hands of the man or men best able to use it wisely. Disinclination and refusal to do this very thing has been the greatest stumbling block in the way of successful coöperation. Numberless enterprises have failed, either because the leaders could not be trusted fully, or because the men would not trust them as fully as they might. Brentano says that coöperative enterprises can accomplish most for working-men whose intellectual standard is ordinary, but whose moral standard is above the average. The Mormons claim that they have been successful because a religious element has come in that has made the leaders trustworthy and the followers trustful. I know that to hint at a superior moral standard among the Mormons is to cause most people to fly off at a tangent. That is not to be helped. But if by the morality of a people we understand the willingness to fulfill all their social duties, as they understand them, it can hardly be denied that the Mormon religion has begot in its converts a morality higher than the average. That this same religion has also resulted in a spiritual servitude that more than counterbalances other good results, there are grounds to believe. It is pertinent to our purposes merely to note that here we have a chance to study the industrial and economic bearings of a religious faith.

Its practical lesson for the common man is that religion and morality have economic value. It behooves us, who look for no "latter day" inspiration and are little inclined to submit to the guidance of a prophet, to learn this practical lesson from the experience of others, from the teachings of Christianity and of common sense, and not to wait until it has been taught us "by the discipline of our virtues in the severe school of adversity."

IX-X

COÖPERATION

ON THE

PACIFIC COAST.

JOHNS HOPKINS UNIVERSITY STUDIES
IN
HISTORICAL AND POLITICAL SCIENCE
HERBERT B. ADAMS, Editor

History is past Politics and Politics present History.—*Freeman*

SIXTH SERIES

IX–X

COÖPERATION ON THE PACIFIC COAST

By CHARLES HOWARD SHINN

BALTIMORE
PUBLICATION AGENCY OF THE JOHNS HOPKINS UNIVERSITY
1888

Copyright, [illegible], by N. Murray

Baltimore:
From the Press of Guggenheimer, Weil & Co.
[illegible].

TABLE OF CONTENTS.

SOME ILLUSTRATIONS OF EXPERIMENTS IN CALIFORNIA........ 447
- Italian-Swiss Agricultural Colony........ 449
- The Boot and Shoe Coöperatives........ 459
- Kaweah: A Coöperative Commonwealth........ 464
- The Coöperative Watch Repairing Company........ 475
- Coöperation Among the Chinese........ 478

COÖPERATION ON THE PACIFIC COAST.

SOME ILLUSTRATIONS OF EXPERIMENTS IN CALIFORNIA.

BY CHARLES HOWARD SHINN.

The Pacific coast states and territories have been so prosperous, and their immense natural resources have offered such unusual opportunities to individual labor, that the principles of coöperation have not made much headway as yet, and, perhaps, cannot for years to come. The working classes are far from being ready for such organizations. Semi-coöperative schemes are abundant; temporary associations to buy and divide up land, or colonies, where each purchaser agrees to certain mutual improvements, are matters of frequent occurrence, as in all civilised communities. But, aside from these and similar groups, the field which coöperation occupies on the Pacific Coast is a very small one. I know that newspaper writers have reported otherwise, and that it seems to be thought that the paradise of the association, the social reformer, and the experimenter, is "West of the Rockies." Those social reformers who come to this coast from elsewhere do undoubtedly find many and notable advantages, so far as soil, climate and good will of the community are concerned. But nothing in the social order, or in industrial conditions here, tends to develop the coöperative spirit as yet.

This curious and altogether unexpected fact receives its strongest confirmation from a study of the horticultural field. Here was land in California, cheap and easy to obtain; much of it still so cheap that twenty men with one thousand dollars each could make themselves comfortably well off, by uniting their capital and labor, on a half-section of fruit or grape land. The whole subject, down to the most minute details, has been written about for years past. Every workingman in California has heard of it, and yet such extremely simple experiments as this have not been made. The easiest and most promising form of coöperation, which reduces risks and difficulties to a minimum, is almost unknown on the Pacific coast. The forces that train individuality and throw men upon their own resources, are in the ascendency here. Men change their business more frequently and partnerships are more often dissolved here than in older communities. Nothing but the steady pressure of a harder life-struggle can ever make coöperative experiments more common in California. After the very large material development now manifest on the Pacific slope has more nearly approached its natural limits, some practical work in the way of horticultural coöperation may be expected in some regions, among the vineyardists for instance. But the tendency toward peasant proprietorship is far more evident. The most fertile and beautiful valleys of California, almost ideally adapted for coöperative horticulture, in groups and colonies, are going to be cut into small holdings of three, five and ten acres. This ultimately, we mean; but still within a shorter period than seems possible to men who are only familiar with the land-changes of the Atlantic states and the Middle West. In some cases ten years has been sufficient to change a ten-thousand-acre tract of pasture land into twenty-acre individual holdings,and the tendency toward smaller divisions is manifest. We shall certainly come to the peasant-holdings of three and five-acre gardens, or even less.

It is sometimes said by thoughtless and careless writers that the miners of 1848 and 1849 had the most interesting and efficient system of coöperation, successful for years, but finally broken down and destroyed by the encroachments of capital. System they had none. Their coöperation, though it was often a success, was only the natural and praiseworthy helpfulness of all pioneers, intensified by the peculiar isolation and the peculiar inspiration of the California of the gold period. It is certainly true that they joined their labor, man to man, in many a company to turn the course of mountain streams and mine the rich gravel beds below. Hundreds of such organizations, most assuredly coöperative, existed during the mining days of California and Oregon, but by 1856 most of the mining rights and water rights acquired by them had lapsed, or had passed into the hands of capitalists. Some of these simple coöperative groups fulfilled the purpose for which they were organized, and then disbanded. Labor had so high a value in the Golden Age of California, that the labor of one man represented more capital than at any time since. The prevalence of coöperative methods in many camps is therefore of little value in any modern study of Pacific coast tendencies. The fact of the use of coöperation by the miners is very interesting, but it throws no light on the present. It passed away with the gold era, it failed to be transplanted to the fertile valleys, it left behind it some solid gain of good-will and social order, but nothing else whatever.

When we take up our investigation of some of the California coöperative efforts, and seek for suggestive illustrations, one of the foremost is a horticultural experiment in Sonoma county. It cannot be called anything but a plain business enterprise, which has met with satisfactory results, and therefore deserves examination. The limiting clause, providing for ultimate subdivision, will be found in nearly all land associations, home improvement societies and so-called coöperative colonies.

ITALIAN-SWISS AGRICULTURAL COLONY.

While a number of agricultural colonies in California have been begun on the coöperative plan, the majority of them have remained coöperative only for a limited period of time. The usual plan has been for those coöperating to pool their funds and purchase a tract of suitable land, from ten to fifty acres being allowed to each individual. This tract is at first worked in common for a given number of years, which varies according to the constitution of the different societies. The average may be struck at ten years. The income from the place is devoted to improvements, which are so applied as to make all parts of the land equally valuable. At the end of the period the land is divided into as many tracts as there are stockholders, and thenceforward are held in severalty. In this way most of the southern California colonies originated.

Of the few that have remained coöperative, the Italian-Swiss Agricultural Colony is perhaps the best example. The enterprise was begun in 1881, and originated with A. Sharboro, of San Francisco. Mr. Sharboro was secretary of several of the mutual loan associations, which drew their clientage from the Swiss and Italians on the coast; and this enterprise was the result of his efforts to find employment for these foreigners, and at the same time to provide a safe investment for their savings. His idea formed itself on the plan of the mutual loan associations. The subscribing members were allowed to pay for their stock in nominal monthly installments of one dollar, thus putting the stock within the means of the poorest day-laborer. Preference was given to Italians and Swiss, though laborers of other nationalities were not formally excluded. It was incorporated in March, 1881, for the purpose of buying and selling agricultural lands for colony and other purposes, for cultivating the same, for manufacturing, buying and selling wines and spirits, and for dealing in the products of said lands. The stock was capitalized at $300,000, divided into 5,000 shares, of the par value of sixty dollars a share. There was no limit to the number of shares purchasable by one person, but each stockholder was entitled to but one vote in the management of affairs, no matter how many shares he might hold. The constitution contains very wise provisions of a primitive nature, by which discipline may be enforced, and in case a stockholder neglects or refuses to pay his monthly dues, he is fined ten per cent. upon the amount of his indebtedness. If he so neglects or refuses for six months successively, he is tendered by the treasurer the amount he has actually paid in, less his fines and forfeitures, and a return of his certificate of stock is demanded. This severs his connection with the association, his shares revert to it, and may be sold for its interest. Thoroughly unruly members are dealt with in a similar way.

The growth of the enterprise was slow and healthy, and shows throughout that experienced men conducted its affairs. The amount of capital stock subscribed for at the time of formal incorporation was about $50,000. Since then the number of shares has nearly doubled, the number of shareholders being about one hundred. For eleven months the new association contented itself with simply collecting in the monthly dues. At the end of that time sufficient capital was in hand to warrant the commencement of the real work of the association. A committee was appointed, which travelled all over the state, seeking a location suited to the needs of the association. After a careful survey, a tract of 1,500 acres in Sonoma county was selected. Work was at once begun and a portion of the land set out in vines and trees. The next year a further portion was cleared and set out, and so on, until now the association has five hundred and fifty acres of vines and two hundred acres of fruit trees, a moiety of which are in full bearing. The work is looked after by regular salaried officers, and the number of employés varies from twenty to sixty, according to the season.

As was noted above, the object of the association was two-fold, viz.: (1) to furnish a safe investment; and (2) to furnish employment for its members. The first object has been satisfactorily attained, for the property has become fully self-supporting and will be very valuable in the near future. It was at first intended that every laborer on the place should be a stockholder. The first who went on were such. Later it was found that the average laborer was suspicious of any scheme which withheld from him any, even the smallest, portion of his weekly wages, and no other labor offering, it was found best simply to hire the majority of this ignorant class, without obliging them to enter the association. They are allowed, however, to come in at any time, if they so wish. After remaining on the ground for some time, many of them have so come in. The business is a growing one. No trouble has occurred in the management of affairs. The laborers live on the ground in entire satisfaction with the system. The enterprise is looked upon as a purely business one. Profits are divided proportionately to the shares. It is connected with no labor organization, and has asked no favors from any one, except from the railroad. The latter, shortly after the incorporation of the association, issued passes good for five years to its directors, between San Francisco and Asti station, where its property lies. These passes have now expired and have not been renewed.

The field that California and the entire Pacific coast offer for land coöperation in the fruit and wine business justifies the introduction here of the by-laws of this association. It is thought by capable judges that their property of fifteen hundred acres, when in full bearing, is likely to pay interest on a million dollars, besides furnishing labor at good wages to all of the stockholders who wish to work in orchard or vineyard. The very rapid creation of values, rendering every one of the one hundred stockholders independent, is the best feature of this out-door success—for it cannot be called less.

BY-LAWS.

ARTICLE I.

NAME AND OBJECT.

This association shall be known as the Italian-Swiss Agricultural Association, and its object shall be to buy and sell agricultural lands for colonial and other purposes, or cultivate the same, and to manufacture, buy and sell wines and spirits, to deal in the products of said lands, and all matters and things pertaining to the purposes herein specified. Its principal office shall be in the city and county of San Francisco,

ARTICLE II.

CAPITAL—SHARES.

The capital is established at $300,000, divided into 5,000 shares of the par value of sixty dollars per share, and each and every shareholder for each and every share of stock he or she may take, shall pay the sum of one dollar in gold coin on the first Tuesday in each and every month to the secretary for the period of sixty months, unless the association should be remunerative previously, in which event the board may order the cessation of the payments. The shares may be issued in series and at different periods, as may be ordered by the board of directors.

ARTICLE III.

MEMBERS.

SECTION 1. Each member shall be entitled to a certificate for the number of shares of stock held by him or her, which shall not be less than five nor more than fifty, to be issued in the name and under the seal of this association, signed by the president and attested by the secretary.

SEC. 2. Each person upon receiving a certificate of stock to which he or she may be entitled, shall subscribe to an agreement to comply with and obey all of the by-laws and rules of this association.

SEC. 3. Transfers of stock can only be made upon the books of the association by assignment in person or by attorney, on the payment of ten cents per share, and such transferee shall become a member of this association, and shall be subject to the rules and regulations thereof; but no shareholder shall be entitled to more than one vote.

ARTICLE IV.

FINES.

Any stockholder who shall neglect or refuse to pay his or her monthly installments shall pay a fine of ten per cent. per month upon the amount of his or her indebtedness on his or her stock.

This fine shall be charged by the secretary, and be paid with the delinquent monthly dues; and in case any shareholder shall neglect or refuse to pay his or her monthly dues or fines for the space of six months, the treasurer shall demand a return of the certificate of stock, and shall tender such stockholder the amount actually paid in, deducting all fines and forfeitures that may be charged against him or her, and from that time he or she shall cease to be a member of this association; and the shares held by such defaulting member shall revert to the association, and may be sold by the board of directors, as they may deem advisable, for the interest of the association, but in no case at less rate than the actual amount paid in for each share.

ARTICLE V.

WITHDRAWALS.

Stockholders wishing to withdraw from this association, or desiring to surrender part or all of their stock, shall be entitled to receive from the treasurer the amount of installments actually paid upon each share, with a part of the profits, if any shall have been earned, as the directors may from time to time establish, by giving thirty days' notice in writing previous to any regular monthly meeting, of such intention to withdraw; provided, that the amount shall be in the hands of the treasurer; and provided further, that not more than one-fourth of the funds in the treasury shall be applicable at any one time to the withdrawing members, without the consent of the board of directors. Such amounts shall be paid in succession, in the same order that the notices are given.

ARTICLE VI.

DEATH OF MEMBERS.

Upon the death of a stockholder, his or her legal representatives shall be entitled, upon surrendering the shares held by decedent, to receive the amount paid in on his or her stock, with interest at the rate of six per cent. per annum. No fines shall be charged to a deceased member after his or her death is made known, unless the legal representative of such decedent shall continue the payments on such stock, in which case he or she shall be deemed to have assumed the future payments, and thereby become a stockholder of this association, by complying with the by-laws.

ARTICLE VII.

LANDS.

As soon as any part of the land becomes remunerative it may be divided in suitable lots and sold by order of the board of directors at such prices as they may from time to time establish. The preference of purchase shall always be given to the members of the association.

ARTICLE VIII.

DIRECTORS.

SECTION 1. The board of directors of this association shall be composed of nine members and shareholders, who shall elect among their number a president, a vice-president, treasurer, and a finance and executive committee, each composed of three members of the board.

SEC. 2. They will also appoint, outside of the board, a secretary, superintendent and attorney-at-law; and all officers so elected and appointed, together with the board of directors, shall constitute the officers of this association. The secretary, superintendent, and attorney, shall receive such salary as may be determined by the board, but no other officers shall receive any compensation for their services.

SEC. 3. Immediately after the first election it shall be decided by lot which of the nine directors shall serve respectively for one, two and three years; and at each annual meeting the stockholders shall elect three directors to succeed those retiring; but this association shall not cease or expire, or be dissolved from neglect or failure to elect officers, but all officers elected shall hold office until their successors are duly elected and qualified. Vacancies shall be filled by the board of directors until the next annual meeting.

ARTICLES IX. AND X.

defining the powers of president and vice-president, follow the state code so closely that repetition is unnecessary.

ARTICLE XI.

MEETING OF DIRECTORS.

The board of directors shall meet on the first Tuesday of every month, at such place and time as may be designated from time to time by a majority of the directors, for the purpose of attending to the affairs of the association, and to transact such other business as may come before them.

ARTICLE XII.

FINANCE COMMITTEE.

SECTION 1. It shall be the duty of the finance committee to examine and report upon all bills presented to the board, and attend to all matters pertaining to the finances of the association.

Sec. 2. Previous to each annual meeting of the association, it shall be their duty to examine the books of the secretary, treasurer and superintendent, and inquire fully into the financial affairs of the association, and to submit a report in writing to the annual meeting of the stockholders.

ARTICLE XIII.

EXECUTIVE COMMITTEE.

It shall be the duty of the executive committee to make all purchases of supplies, and make all sales of products, to the best interest of the association, and to visit the lands of the society from time to time, and order such work as they may in their judgment deem proper, subject always to the approval of the board of directors, to which they will make a monthly report of their transactions.

ARTICLES XIV. AND XV.

are devoted to the duties of the secretary and the treasurer, and are identical with corresponding articles in most by-laws of coöperation.

ARTICLE XVI.

SUPERINTENDENT.

It shall be the duty of the superintendent to superintend the works and the employés on the lands of the association, see that the work is properly done, and that each employé performs his duties faithfully. He will see that no waste of any kind is suffered on any of the property of the association. He will keep a correct inventory of all effects in his charge, and at each monthly meeting of the board he will send a written report of all the operations of the previous month, together with such other matter as may be interesting to the association. He will have power to discharge any of the employés for cause, and also in case of urgent necessity to employ temporarily such laborers as he may require; but such actions shall be immediately reported to the executive committee for their approval. He shall give adequate security in such amount as may be required by the board for the faithful performance of his duties.

ARTICLE XVII.

EMPLOYÉS.

All permanent employés on the grounds shall be appointed by the executive committee, subject to the approval of the board of directors; all such employés must be members of this association.

The preference shall be given to Italians and Swiss, who are either citizens of the United States or have declared their intention in a court of legal jurisdiction to become such.

ARTICLE XVIII.

MEETINGS.

The annual meetings of the association shall be held on the first Tuesday in April in each year, and special meetings at the call of the directors, of all of which due notice must be given in such manner as the board of directors may from time to time determine.

ARTICLE XIX.

AUDITING COMMITTEE.

At each annual meeting an auditing committee of three shareholders, not members of the board, shall be elected by the shareholders. It shall be their duty to carefully examine all the books and vouchers of the association, and to make within thirty days a written report of the results of their investigations.

ARTICLE XX.

REMOVALS.

The board of directors may remove any appointed officer of this association for good and sufficient cause, and fill such place or any other vacancy that may occur.

ARTICLE XXI.

AMENDMENTS.

No alterations or amendments of these by-laws shall be made, except by a vote of two-thirds of the stockholders present at an annual meeting, or a special meeting called for that purpose. One month's notice, in writing, of such proposed amendment, signed by at least five stockholders, must first be given.

The lands of this coöperative colony are situated near Cloverdale, in Sonoma county, on the west side of the valley, at a small station called Asti. So careful and energetic is the working of the soil, so thriving the vines and trees, and so beautiful the place, that it receives many visitors, and is one of the notable places of the region.

From the Fifth Annual Report, that for 1886, the following table is of service:

ASSETS.

Notes receivable secured by mortgages		$ 1,875 00
Personal property:		
Implements and furniture	$3,444 60	
Live stock	3,902 00	
Provisions and supplies	1,618 80	
Charcoal and wood	750 00	
Total as per inventory		9,715 40
Present actual cost of the 1,351.96 acres of land we have left, with all improvements, of which there will be at the end of the season about 525 acres planted with the best varieties of foreign grape vines, 100 acres in fruit and olive trees and about 200 acres in grain, potatoes and corn		80,668 45
Cash on hand		636 25
		$92,895 10

LIABILITIES.

Due members for installments on 1,437 shares, first series, at sixty dollars per share	$86,220 00
Premiums on first series	3,540 00
Premiums on second series	2,340 00
Deposits	795 10
	$92,895 10

In their report, the board of directors take occasion to congratulate their fellow-members on the results of their labors in harmony for the common welfare. They say:

"We have now reached the end of the payment of our monthly installments, and we find a large portion of our land transformed from thick brushes and dense forest into delightful orchards and vineyards—which does great credit to our enterprise—and it is entirely free from debt. Last year we obtained a little over a hundred tons of grapes from the vines set out the first year, which we sold at a good price. The wines made from our grapes turned out to be of such an excellent quality that, we doubt not, our grapes will always command a good price in the market."

The auditing committee closed their report in the following words:

> "From the present actual state of the condition of our colony, we can sincerely felicitate all the members for the sagacious and safe investment of their money, which besides being profitable to each member, will be of great credit to the Italian and Swiss agriculturists and will serve as an example to all, that great agricultural enterprises may be undertaken and brought to a successful issue in California, as well as elsewhere, without the aid of the pernicious Chinese labor."

At this point we may safely leave this promising agricultural colony. Its success in the future depends in all probability upon the extent to which the stockholders take an active part. Its profits will be very large, even upon the capitalization. If divided up, as suggested, the rolling hills and valley slopes of Asti will soon present one of the prettiest views in California, for hundreds of homes will be built there. The tendency towards individual ownership may prove too strong for the coöperative organization. Still this colony promises well for long growth under its present form. It ought to be the model for a large number of practical colonies for fruit-growing.

THE BOOT AND SHOE COÖPERATIVES.

Probably the earliest efforts toward trade coöperation on the Pacific coast were made by the operatives of the boot and shoe factories of San Francisco. The work is in most cases by the piece, and the field of labor is so divided that this business lends itself more readily than most others to the coöperative plan. There is not the clashing of interests, nor the petty jealousies that come up where all the people interested are obliged to work at the same sort of work. Each department being separate, there are fewer interests to clash with each other; and further, the admission of a new member to any one department means a corresponding increase of work in the other departments, where, as in many classes of work into which it has been sought to introduce the coöperative plan, the members become chary of admitting others, because such admission means a further division of the profits already in hand.

A number of boot and shoe coöperative schemes under different names, but comprising nearly the same men, have followed each other in San Francisco. Notable among these have been the Metropolitan, the California, and the Crispina, Boot and Shoemakers' Unions. All of these existed flourishingly for a time, but from a variety of causes, ranging from bad business management to loose discipline and criminal appropriation of funds by the officers, they all fell through, and left the honest contingent of members disgusted with and embittered toward the coöperative principle itself. Whether other and organic difficulties led to their failure, cannot now be ascertained, for those who could give information on the subject have dropped from their places, and the constitutions, by-laws and rules have long since disappeared. In the case of the Metropolitan, the business passed into the hands of a private firm, and in the others the organizations simply fell to pieces without formal disincorporation.

There is one coöperative boot and shoe establishment, however, that has proved in the face of the above failures that the fault in such schemes lies in the men managing it, and not in the principle itself. This is the United Workingmen's Coöperative Boot and Shoe Manufacturing Company of San Francisco, which has for nineteen years carried on its business on a purely coöperative plan, and which ranks to-day as one of the most solid business houses in the city. The impulse toward organization came from the effort on the part of certain boot and shoe manufacturers to substitute cheap Chinese labor for the dearer white labor in certain branches of their work. The white laborers were notified that after a certain date prices on certain grades of piece-work would be reduced, and it was openly understood that Chinese would be taken to fill the places of any who quit through dissatisfaction. This was in the spring of 1867. There was a general protest from the shoemakers in all departments, but the manufacturers, believing that their interests required the proposed reduction, adhered to their first terms. The boot and shoemakers in these factories thereupon struck. As usual in such cases, the strike was in the long run ineffectual. But out of it grew the Workingmen's Coöperative as a result of the discussion among the men thrown out of employment by the strike, of the different means available for bettering their condition. The moving figure of the plan was John Mahoney, and the first members comprised about seventeen of the employés in the Pacific Tannery Boot and Shoe Company. These met one evening and drew up a plan for the proposed coöperative. Mr. Mahoney had had some previous experience in such matters outside of the state. The others were practically without knowledge of such affairs. Before work was commenced the membership had grown to thirty. These hired a loft, pooled their tools, paid in *pro rata* enough to purchase the stock necessary for starting, and commenced work without waiting for formal organization. They seem to have been very practical, level-headed men, and singularly free from the mutual jealousies that have wrecked so many coöperative schemes. For a long time they worked harmoniously, as they began, making no difference as to what class of work a man was doing, so long as he put in his time for the common good, and never seeming to grudge fair salaries to those whose work was not manual, as for example their solicitor of trade and book-keeper. Later they incorporated with a stock capitalized at $15,000, divided into three thousand shares of $5 each. Curiously enough for such practical men, no copy of their constitution or by-laws has been preserved, and all that has been gathered concerning these has been the personal recollection of members. A primary principle, however, was that none but stockholders should be employed. Another clause provided that each member should leave at least one-tenth of his earnings in the treasury for the purpose of building up the capital. No limit was placed on the amount of stock each member might hold, but in stock-meetings no man had more than one vote. Regular rates of wages were paid to all who labored, and at stated intervals the profits were reckoned and divided among members proportionally to the number of shares held by each. The question of discipline was left in the hands of the superintendent of the shops, subject, however, to revision by the board of trustees, to whom the former was responsible. There was no provision by which a member could be dropped and his stock called in, but the superintendent could discharge at his discretion any member who was not faithful in the performance of his work, or who refused to submit to the necessary discipline. The aim was to preserve as much as possible that feeling between manager and employé that would exist if the latter were working in an ordinary "boss" shop. In the latter case the employé knows that if he shirks, or does not conform to rules, he will lose his place; and it is the one great drawback of coöperation that every man, when pushed to it, takes the ground that he is a member of the firm, and therefore above ordinary discipline. This was the greatest stumbling-block met with by the United Workingmen. In such cases, however, the men were promptly discharged. No effort was made in such cases to draw in their stock, but after a little the expelled members were either re-instated on promise of future good behavior, or their stock passed into other and better hands. In no case after discipline and re-instatement has the association found need of a second application of the rules.

In the face of competition with well-established firms already in the field, the growth of the United Workingmen's Coöperative was necessarily slow. It was seriously discussed and definitely determined by them that the enterprise should stand entirely on a cold-blooded business basis. Sentiment about the relative dignity of positions and offices was carefully shut out. It was agreed that the shrewdest and most careful business men among them should be selected for the position of managers, and it is a practical evidence of the sincerity of their dealings with each other that success crowned their efforts, while the officers originally elected have never been changed, except where vacancies occurred through death or voluntary retirement.

If success came slowly it came steadily, and at the end of seven years it was found necessary to remove to more commodious quarters, and to increase the capital stock. At the same time it was found expedient to modify the constitution so as to admit of the hiring of persons not holding stock. Later a further increase of capital stock was decided upon, it now standing at $200,000, divided into 40,000 shares of the primal value of $5.00 each. Of this $87,000 has been paid in. The by-laws admitting of the hiring of outsiders has worked toward consolidating the stock into the hands of a few men, the number now being in the neighborhood of twenty. Within the past few years the company has bought a site and built a commodious factory of their own. It is fitted with all the latest appliances for their line of work, and gives employment to a hundred and twenty-five men, women and children. The men receive average wages of three dollars per day, the women one dollar and fifty cents, and the boys one dollar. The value of the annual product last year was $250,000. The business is a growing one, and the stock is selling at a premium in the market.

This is an interesting case; an honest and successful experiment, carried out by workingmen. But the steady lessening of membership seems to be a feature of many coöperative organizations. The married men and the home-owners stay; the bachelors and the renters sell out their stock, and fall back into the wage-takers' ranks.

KAWEAH: A COÖPERATIVE COMMONWEALTH.

The attempt to follow the coöperative idea out of purely business fields into the multifold schemes of the idealists and social reformers, leads one into difficult paths. There are almost as many of these schemes in California as there are socialists. Several of them have been carried on successfully, but the reasons of their success lay outside of the coöperative features of their constitution. For instance, the Harris colony, near Santa Rosa, is held together by the personal influence of its leader. He is an object of religious reverence, and has autocratic control over all colony affairs. There is also a vegetarian colony in the San Joaquin valley which has attained notoriety if not success. In all these cases there is some pet idea or hobby at the bottom of the movement and the coöperative plan is secondary, being adopted merely to bring all members under the same discipline with the least expenditure of effort.

The Kaweah colony, which I have chosen as a good representative of its class, deserves a better word. It is purely a socialistic movement, but has no aim beyond the general social and financial elevation of its members. Most of those connected with it have had wide experience in such matters, and the constitution shows that trained hands have been at work. The objects of the colony are stated to be "to insure its members against want, or fear of want," by providing happy homes, ample sustenance, educational and recreative facilities, and to promote and maintain harmonious social relations on the solid and grand basis of liberty, equality, fraternity and solidarity.

The projectors put forth a general statement, as follows:

"COMPETITION VS. COÖPERATION."

"The synonyms of Competition are strife, contest, rivalry. Its consequences are jealousy, discord, disintegration and anarchy.

"The synonyms of Coöperation are unity, harmony, concord. Its results are economy, good-fellowship, peace and plenty.

"The former is the system under which we live. The latter is the system we propose to inaugurate.

"We need not ask which of the two systems is preferable, or which should be adopted by an intelligent people.

"Competition has amassed riches in the hands of an avaricious few. It has induced profligacy on the one hand, and poverty, crime and degradation on the other. Its fruits are war, murder, incendiarism, suicide, starvation and theft. It has dotted our land with insane asylums and prisons, and filled them to repletion with its victims. Its tools are a corrupt legislature and judiciary, a subsidized police and a prostitute press. Its advocates are capitalists, stock-jobbers, money-lenders, lawyers, politicians, and exploiters of labor.

"Industrial Coöperation implies an equitable and scientific adjustment of the relations between Capital and Labor. It yields an abundant return to those who perform their share of duties. It yields nothing to drones. It permits ample time for recreation and study. It removes incentive to crime. It promotes happiness, fosters education and assists invention. It opens wide the gate to all who desire to revel in the fields of science and art. Its religion is "to do unto others as we would they should do unto us." It is evolution—a step higher in the scale of human existence, or—if you please—the dawning of the long-prophesied millenium."

The beginnings of the enterprise were both modest and practical. C. F. Keller was the first organizer. He was joined by A. E. Redstone, recently the labor candidate for congress from the Fifth District of San Francisco, and by J. H. Redstone, a recent labor candidate for attorney-general of the state, both men of considerable prominence. The next person to join them was J. I. Martin, the present secretary of the colony. About twenty-five persons joined them in a few months. At last accounts they claim about eight hundred members living at present in various parts of the Pacific coast, but all willing and anxious to remove to the new commonwealth, as soon as practicable.

Two advantages about Kaweah merit the attention of students of coöperative schemes, and so very valuable are they that many lesser difficulties will probably be overcome. One is the method by which a group of poor men have obtained sufficient land for a colony; the other is the peculiar value of their situation. None of the projectors were in a position to purchase a tract of the necessary size, and the class it was aimed to benefit were as a rule so poor that no immediate aid could be obtained from them. Three of the four projectors, however, were lawyers, and among them the idea was hit upon of having each colonist, on entering, homestead a piece of government land adjacent to the proposed site of the colony, which land, when proved up, should be deeded to the commonwealth. The greatest difficulty in the way was in finding a tract of unoccupied government land large enough for the expected expansion of the colony, and at the same time rich enough for agricultural purposes. A location was finally determined on in the foothills of Tulare county, along the banks of the Kaweah river. Locations were made and in two years the individual members filed on about twelve thousand acres of land. In other words, a tract of government land, worth to actual purchasers thirty-one thousand dollars, was secured at a nominal cost. Its prospective value is very great indeed; in fact, it has quadrupled in value since it was first homesteaded. The colonists claim that they will practically control timber and forest lands to make up one hundred square miles of territory, or over sixty thousand acres, and this appears reasonable from what I know of the country. The application of the coöperative idea has therefore enabled these men to obtain almost without expense a title to a foothill principality.

The character of the soil, the delightful and invigorating climate, and the unusually diversified resources which nature has placed at the colonists' disposal, all unite to make success physically easy. So remarkable are the natural advantages that a further explanation of them is necessary. The foothills of the Sierra Nevada now comprise the bulk of the government lands in the state. They lie in a long narrow belt, parallel to the central valleys of the San Joaquin and Sacramento. They are adapted to every horticultural use, and abundantly supplied with water, stone, and timber. As soon as they are well settled, railroads from the valley will penetrate these foothills in every direction. The scenery is very grand; snow peaks to the east, the broad valley like a plain to the west, and, sixty miles beyond, the Coast Range blue and vast. The Kaweah location is in a long neglected part of California, the southern Sierra belt. Vast bodies of sequoia crowd the deeper cañons. Single trees measuring one hundred, and even one hundred and twenty feet in girth, have been found by explorers, and the oak, fir, spruce, pines, and other trees form whole forests. Nevertheless, much of the land is almost ready for the plow, swept by forest fires, or long ago denuded of growth. The soil is red, volcanic, light and easily worked, but extremely fertile. It will produce every kind of fruit, vegetable or grain. The Kaweah river runs through the land, furnishing abundant water supply at all seasons, also water-power for mills, factories, canneries, or any other uses. Large deposits of iron, marble and limestone are found upon the tract. The timber supply is so great that the manufacture of shingles, doors, blinds and window-sash has already been commenced. Woollen-mills and marble works are expected to follow. Fruits and grapes are being planted, and dried fruits and raisins may eventually form an important part of the colony's exports. They can keep a large number of horses, cattle and sheep, for the range is ample. The waste water-power can be utilized to light their dwellings by electricity, and relieve the colonists of many of the lesser labors of life.

From this brief statement it will be seen that failure, if it occurs, can come only through insuperable faults in the political organization. A single individual, taking this magnificent tract of mountain land, and given an amount of capital equal to the labor-capital these eight-hundred colonists represent, could undoubtedly develop and make immensely profitable the whole enterprise. It remains to be seen whether the coöperative commonwealth can achieve financial and social success. We will first give a brief synopsis of its organization, and then quote in full the most important parts of their laws.

An effort was made in drawing up the constitution to allow as much individual liberty to members as was compatible with the general socialistic aims of the projectors. The terms of membership were arranged to suit not only those who desired to move at once to the colony site, but also others who might desire to become active members in the future. No one could participate in the advantages of the colony except members. Anyone accepted by two-thirds of the active members, may join the association. The admission fee is placed at five hundred dollars, of which one hundred dollars must be paid in before the person paying becomes entitled to participate in the work of the association. This one hundred dollars can be paid in small assessments, if desired. This once paid, however, the person paying can go to the colony site and work out the remainder of his initiation fee at a stated price of forty cents an hour.

The government of the colony is a pure democracy. There are a president, superintendent and other officers, but they are limited to a tenure of one year, and may be removed at any time by vote of the colony. Their duties are merely nominal, as everything of importance in the way of discipline and business comes before the popular gathering. This body is called the "Referendum," and consists of all the colonists over twenty years of age. Women are given a vote as well as men, and rank equally with them in all public affairs. When a married man joins the company, his certificate of admission admits his wife and minor children. Children of age must be voted on as new members. A single person who has joined, may afterwards marry an outsider, and the latter then becomes a member by courtesy. On occasion of divorce, in such cases only that one of the divorced parties remains a member who originally held a certificate of admission. The other party may, however, be re-admitted by vote. The Referendum has final power in all matters, a two-third vote being necessary to admit or expel members, but a majority vote answering in other cases.

All land remains vested in the members jointly, but each member is entitled to have a lot not less than two hundred by two hundred feet set off for his private use. On this he may erect a house at his own expense of any style he desires, and over this he has exactly the same rights as if he held it in severalty, except the one right of alienation. He cannot sell either land or house to anyone; but if a member withdraws or is expelled from the association, the latter pledges itself to buy back his house at a rate proportional to cost, and pay a reasonable sum for his improvements. In case of death, the property of a member passes at once to his heirs. Those not able or not willing to live privately, are housed in hotel quarters at the colony's expense. No member is obliged to work, but if he does not, he neither gets wages nor a share in the profits of the concern. All are equal in point of labor, but the field in which each shall work is determined on entrance by the Referendum. Assignment once made, the new member works or not as he chooses. All work is paid for on a basis of forty cents an hour, and a maximum of eight hours is fixed during which a member may labor per day. Payment is made in orders on the company's store, which keeps everything in stock, and sells to members at cost.

The main idea on which dependence is placed for bettering the status of the colonists is coöperation in all public works. They start on the principle that if each man has an interest in the public affairs, and works personally towards keeping them in smooth running order, better government and more improved facilities will result from this personal participation than result from the present system of delegated authority. Everything being accomplished at cost, the result to individuals will be less expensive than where contractors and others have to be paid as well as those who labor. Thus the colony has undertaken to build a railroad from their site to Traver, the nearest railroad point, a distance of about forty miles. Surveys have been made, and the most difficult part of the grading has already been finished.

It is estimated that the total cost of building the road, when completed, will be about three thousand dollars a mile. A comparison of these figures with the cost of other railroads, will show the immense saving by this coöperative plan. In the same way, it is proposed to furnish electric light to all the houses of the colony; the motor being owned by the commonwealth. Every member is to have just the same share of results, and no one member is to have more than any other.

The leaders of the colony laugh at the idea that those joining will not cheerfully fit themselves to the occupation chosen for them by the Referendum, and they believe also, that all will be willing to do their best work. In one of their publications they say: "No person is desired as a member of this colony who is not in sympathy with the great movement now going forward for the elevation of mankind, one of the motives being to show, in a practical manner, how the vexed labor question may be peaceably solved, by instituting a system of industrial coöperation, in which all participants will have equal opportunities of advancement." They also provide that members of the colony may leave it for any length of time without forfeiting their membership. When they choose to return, all the opportunities and enjoyments of the colony will be open to them, but of course they will not receive any benefits or dividends during their absence. Their statement of the "value of a membership," is that—

> "A membership in this association consists of an equal share with all other members, in the emoluments, profits, privileges and hereditaments of the colony. It means that every member shares equally in all that the bounteous soil will yield and all that improved machinery can produce, measured *by* the amount of time he has usefully employed, or the proportion of energy he has himself expended in producing the general result, whatever it may be.

The religious opinions of the members are not questioned. "The ideal religion of the colony will be to 'Do unto others as we would they should do unto us.'"

Some of the clauses relating to the rights of women and children are as follows: "Male and female will have equal privilege in voting, also equal pay for equal services performed." "The orphan children of members are a public charge." "The sexes are to be financially independent of each other." "Affection, congeniality and morality are to be the only incentives to marriage."

The by-laws deserve study, and the portion not heretofore given may well find place here. The views of the Kaweah colonists upon inheritance, marriage, property and administration are well defined and strongly stated.

BY-LAWS.

Membership.

Membership shall commence on the payment of the membership fees, subject to the conditions and agreements stipulated and set forth on the certificate.

Applicants for membership not vouched for by any member of this association must give satisfactory reference as to their fitness for membership.

Rejected applicants for membership will have the amount deposited by them returned.

The price or value of a membership in this association may be fixed by the members at any sum they deem advisable, not less than $500.

No member shall have any advantage or privilege over another.

Every member shall have equal opportunity to work for the association in the avenue of employment for which he is most fitted.

A member will be required to render value either in labor, money, material or service for everything he receives from the association.

Membership—Withdrawals.

A member can withdraw from the association at any time, by giving three months' notice to the secretary of his intention to do so. If he has been twelve months a member, he will be entitled to receive back all that he has paid upon his certificate, but any debts he may owe the association will be deducted therefrom. This payment shall be made at the earliest possible convenience of the association, and shall be given priority over other liabilities whose payment is not necessary to the perpetuity of the colony.

Upon the withdrawal of a member, his private dwelling and improvements, if he have any, will be valued at a fair valuation upon the basis of cost, and he will be allowed the full value of the appraisement, whatever it may be.

No member will be allowed to sell or transfer his certificate of membership to any except the association.

No person shall hold more than one certificate of membership in this association, but when the person is married, the wife or husband shall, if living upon the colony, be each entitled to a vote in said certificate.

Children.

Children of members under the age of sixteen years will be admitted to the colony free, but they must be kept at the expense of the parents. Education, amusement and public service will be free to all. Over that age and up to twenty years, the parents of the child will be required to pay upon taking up residence, in money or material, the sum of one hundred dollars; or the child will be required to perform some useful service to the colony, if between sixteen and seventeen years, to the value of five dollars per month until twenty years of age; if over seventeen years, ten dollars per month; if over eighteen years, fifteen dollars per month; if over nineteen, the child will be required to perform service to the value of two hundred dollars, when he will be entitled to full membership in the association. Children over sixteen years of age will be given an opportunity of earning their membership.

At the age of twenty years, the foregoing conditions having been complied with, all children of members, male or female, will be entitled to full membership in the colony.

Children over eighteen years of age, wishing to live independently of their parents, will be given an opportunity to earn their own living, under certain restrictions as to the hours of labor and the kind of employment.

Property.

All land, buildings, stock, crops, machinery, warehouses, workshops, tools, stores and other property, except the private dwellings and personal effects and hereditaments of members contained therein, and other goods and chattels particularly specified as exempt, shall be held in common as the association, each member having an equal share and interest in the same, and in the profits, privileges, and emoluments arising therefrom.

Each member shall be entitled to the use of a piece of land not less than two hundred by two hundred feet, upon which he may erect a dwelling, and shall enjoy the exclusive use and privilege of the same as long as he remains a member of the association.

A member may build a house for himself upon the ground reserved for his private use, but will not be allowed to contract to build a house for another member, or to do any other private business for profit of other members, except by consent of the association.

Miscellaneous.

No member, or any other person will be allowed to keep a store for the sale or exchange of goods or wares of any kind or description upon the lands of the association.

The association shall keep a store for the convenience of members, at which all articles of necessity can be purchased with the labor time-checks provided by the association. Cost shall be the limit of price.

The business and trade of the association of whatever kind or description shall be conducted coöperatively by the association for the benefit of the association.

Employment and Service.

Services of all kinds performed by the members of the association for the association, shall be paid in duly certified time-checks, as may be hereafter prescribed.

No colonist shall demand that the colony employ him more than eight hours a day.

Administration.

The colony shall legislate by means of the Referendum and its officials shall be subject to imperative mandate, which means removal at any time for good and sufficient cause. The system of proportional representation shall be used in electing officials

Members can be accepted only upon a two-thirds vote of all of the members. Members may be expelled by the same vote.

Every member present at any meeting must vote on all questions presented, and women have in all respects the same rights as men.

The following rules for the present will govern the admission of members to work in the colony:

As soon as a member has contributed in money or supplies the full value of one hundred dollars, he will be placed upon a list numbered in rotation in the order of payment. Those whose names rank first upon this list will be entitled to precedence in their regular order, and will have the first privilege of employment in the colony. This rule will be observed as long as there remains a necessity for its existence. It does not debar a member from the privilege of living in the colony or of building or making other improvements upon the building site reserved for his individual use. It simply refers to his employment by the colony, which of necessity must be limited to the number it can employ profitably.

Labor notes shall be transferable.

Education shall be scientific, and text-books shall be adopted in conformity with the truth as understood by the majority.

Medical service is a public service and the physician a salaried officer, his salary dependent upon the health of the colony, rising as it rises and falling as it falls.

Inheritance.

In case of the death of a member, the amount paid upon his certificate together with the actual cost of the buildings and useful improvements [if any] that he may have erected upon the building lot occupied by him, shall be paid to his legal heirs. But the same shall not be payable until one year after the death of the member, unless at the option of the board of trustees.

A member may name his successor in the event of his death, but the person thus named will have to be balloted for in the usual way, and if not elected to membership, he or she will receive the cash value of the member's estate as an ordinary legatee, unless other provision is made in the member's will for the disposal of the estate. This disposition shall be made as provided in the foregoing section.

The certificate of the husband will admit also his wife to the colony and vice versa, each having a vote in the affairs of the association.

Marriage.

In the case of the marriage of a member after his or her advent upon the colony, to a person who is not a member, such person, if of good moral character will be entitled to free admission and will be allowed all the privileges of membership as long as the marriage relation exists. In case of a divorce or separation, the only person recognized as a member will be the one to whom the certificate of membership was originally issued. The person thus separated can apply for membership in the usual form, and if elected a certificate will be issued upon the regular terms.

It must be the wish of all right-minded persons that a colony scheme begun in so promising a region, and with so many attractive features, may succeed in the fullest sense, and so contribute to a solution of the difficult problems involved. The weakness of the scheme will lie in the dangers of a shifting membership. The horticultural work the association proposes to do, although extremely profitable in the end, will take ten or fifteen years to bring to a fair degree of success. It will require much mechanical skill, much executive ability, and much "coöperative good-will" to carry on the group of factories and mills that they propose. The absentee clause may operate badly by permitting their best members to speculate and struggle elsewhere during the most important years of the colony. So far, however, everything works smoothly, and the intrinsic value of the colony property is increasing every day. With financial prosperity will come the true struggle, and the finer social problems involved must work out their own failure or success. There will be malcontents and incompetents, as the colony grows in numbers, but the projectors "put faith in the essential goodness of human nature," as one of them recently expressed it.

THE COÖPERATIVE WATCH REPAIRING COMPANY.

The beginning of this coöperative movement on the part of the watchmakers of San Francisco dates back to the winter of 1881. At that time there was in this city a large number of small shops devoted to repairing for the trade, but the competition, together with the cost of keeping up so many separate establishments, prevented the business from being profitable to the laborers. The watch repairers were mostly German, Swiss and French, and though not improvident they were not especially enterprising. The first impulse toward union came by accident. Mr. T. H. Lord, an American, who conducted a small city shop for repairing, drew from the free library a book for another purpose, which turned out to be a treatise on coöperation in England and France. Up to this time he had not thought about the subject, but his interest grew in the reading, however, and he broached the topic to one or two other men having shops in the same building. They too considered the scheme feasible and quietly set to work to carry out the plan. Their object was to save expense, by the hiring of a single shop in place of the numerous ones then hired, also by the pooling of tools, and the division of profits.

In December, 1881, a formal incorporation was affected for the purpose of "engaging in the business of repairing watches, clocks, etc., and conducting a general mechanical workshop for the trade; also buying and selling watch-material, tools, and other articles appertaining to the watch and jewelry business." The capital stock was $5,000, divided into five hundred shares of ten dollars each. The membership was of two sorts, "passive," *i. e.*, where the stockholder simply invested money in the business, and "working," where both time and labor, as well as money, were devoted. Every working member was obliged to own two shares of stock and also to give sufficient proof of his ability and skill as a practical watchmaker. The reason of formal incorporation was because certain state laws had to be complied with. But after this form was gone through with the further workings were as informal as could well be. A small shop was rented, and each man brought what tools he had. The stock of material in each shop was turned into the common stock and proper allowance made the owner for the same. T. H. Lord became the business manager, as provided by the constitution, and also filled the offices of secretary and treasurer. They worked by the piece, and at the end of each week each man was paid according to his work. A small amount,—enough to cover the expense of material and other calls for the following week—was kept back as a reserve. At stated intervals a division of profits was made. This division was *per capita* and had no connection with the amount of work done. It was proportional to the number of shares held by each member.

At first the venture was a great success. Work poured in, and their number of workmen increased to nine. This was the largest number ever at work at any one time, although for a while the membership numbered fifteen. The first difficulty came from other watch-repairers. The endeavor was made by the coöperatives to induce all the watch-repairers in San Francisco to join with them in the enterprise, but the majority looked upon the scheme with disfavor, and preferred to work by themselves. They seemed to feel a jealousy of the coöperative shop, and cut prices so as to try and take away its business. On the other hand the coöperatives were equally foolish. With the exception of their manager they were all Germans, and conservative to the point of obstinacy. Believing that they had matters in their own hands, they voted not to cut the prices at which work should be taken, expecting that their trade would remain, but dull times followed for the coöperative shop. This difficulty might in time have been overcome had not other troubles followed.

It was impossible to enforce needful discipline. Sentimental theories, when the society was founded, had prevented the incorporation of punitive clauses in the by-laws. Every one had been enthusiastic, and the leaders had not doubted but that the enthusiasm of their fellows was equal to their own. In their ignorance of the practical workings of coöperative schemes elsewhere, they do not seem to have thought of the necessity of providing for penalties. At any rate no provision was made for the expulsion of unruly members, nor for the fining or other punishment of those guilty of idleness, waste, or smaller assaults upon the corporation scheme. A short set of "office rules" had been adopted, which were from time to time amended to suit varying contingencies, but, from first to last, they were practically unenforced.

The greatest drawback to the success of the enterprise—and, in fact, the disease that finally carried it off—was more than the unwillingness of the men to govern themselves. They constantly cheated each other, and condoned each other's offences. For instance, all work was given out by the piece to the workmen with a check-slip on which was noted the repairs to be made. This slip the latter was obliged to return on the completion of the job, stating what he had done and what it was worth. At first this worked well; but after a time the more idle of the men began slighting their work, glossing over the surface so that it appeared to be properly done, and sending it back with dishonest endorsements, so that at the end of the week their books would show a high average for pay, though the work had been below par. The discovery that this sort of thing was going on came from the continued return of "pieces," which had been delivered as properly repaired, with the complaint that the work had not been really done. There being no way of punishing the offending workmen, the directors made a new rule, that all work done by one workman should be examined as to completeness and thoroughness by a second, before it was returned to the manager, and that this second should add his signature to the check-slip as a countersign of its truthfulness. This doubling of the responsibility, however, lasted only a very short time. The men found it easy to choose others of the same mind as themselves to inspect their work, and finally it became largely a matter of bargain on the "you-inspect mine-and-I'll-inspect-yours" principle. They never seemed to comprehend that it was necessary to show the same honesty toward themselves as they would have shown in their work toward the employer in a "boss" shop. The difference in nationality, too, served to breed discontent, the German-speaking members were in difficulties with the Americans, who spoke only English. Under these conditions the society lived a little over three years. When the first men began to drop out, their stock was taken by the others. But later no one wanted the stock, and one by one the men went elsewhere in search of work, until now there is only the former manager, T. H. Lord, who is doing business for himself under the society's name.

COÖPERATION AMONG THE CHINESE.

The intense suspicion of all foreigners, and especially of all Californian foreigners, this being a marked characteristic of the Chinese nature, makes the examination of any special coöperative institutions they may have in San Francisco a practical impossibility. They absolutely refuse to talk about the matter, and deny that such combinations exist among them. Consul Bee, however, has furnished certain general *facts* concerning coöperation among them, which indicate that the principle is much more wide-spread, better understood, and more sweepingly applied with them than with their Caucasian brethren. In fact, all the skilled laborers among them are gathered into one or another of these institutions. The government of all these organizations is similar, depending on the nature of the business to be carried on *for* its peculiar modifications. They have governing officers and boards of managers much after the Caucasian plan, but the rules are more strict as to enforcement of discipline, and also as to where, when and how business shall be carried on. The different coöperative groups in each employment coöperate with each other so as to avoid overstocking the market and prevent the lowering of wages and of profits. This is a distinct advance on the European (or rather American) plan, which does not, to my knowledge, provide for the coöperation *of* anything besides that of individuals. The final seat of power with each trade lies in a board of managers, numbering three, appointed from the groups. This board has the general oversight of that trade in California. It settles all questions of general policy, as for instance, how many wash-houses shall be allowed to exist within a given area, or how many men may be employed by a given company at a certain state of trade. The general scheme followed by all trades seems to be about as follows: The managers of *each* trade requiring skilled labor look over the field and calculate how much business of their particular class it will support. As a rule no business has yet *found* the field so full that new groups, wishing to engage in that business, could find no place. The main effort has been to keep too many from crowding in at the most lucrative points. When a group is "located" at its point, it takes an account of the capital *owned* by each proposed participant, making the sum total the amount of capital stock for the concern. Each man is credited with stock proportional to his investment. It is common to find from five to fifteen in a group. Sometimes the number is larger. These men open a shop and put in their time, which is paid for usually at regulated prices. At the close of each year, before the Chinese new year, the books are balanced, everybody receives his share of profit or pays his proportion of loss, the books are then burned and a new set opened for the new year. There is little difficulty on account of insubordination or failure to agree. Each member on joining the enterprise binds himself to obey the laws of the association under definite heavy penalties, and the understanding is clearly had that any man's stock can be taken from him and his connection with the concern terminated by a majority vote of the other members. In this case, however, the value of the stock is returned to the expelled partner, less his share in the current expenses at the time of his expulsion. If the business grows beyond the working capacity of the charter members, they are at liberty, with the permission of the general managing board, to hire other laborers of their craft, who are paid for their work and have no share in the profits. This is a common move, some of the large shoe manufacturers hiring from two to four hundred employés. There is often provision, however, by which such of these as care to, can come into the firm, the capital stock, in this case, being increased by the addition of the amount invested by the new-comers. When business falls off these "non-participating" laborers are the first discharged. But each of the coöperatives, in joining a group, is required among other things, to agree to "lay off" as the council shall order. And it often happens that those men who belong to the firm as joint owners, are arbitrarily laid off for a time so as to keep up the prices that otherwise would suffer through over-production. The number of apprentices is not limited as with us, but each man learns the trade with the full understanding that he must expect to be laid off when work is dull.

With white labor it would be impossible to dictate thus, as to when it should or should not work, and where its activities should be exercised. But with the Chinese no such trouble is experienced. The white laborer if boycotted at one point seeks another, and, being accountable only to himself, soon sinks his objectionable identity in a strange place and is able to start again. But every Chinese in California comes here under contract with some one of the six great companies. Each company looks after its own members, and sees that they obey the laws that are,for the best interests of the majority. Little is known of their peculiar tribunals and judicial methods. But one thing, at least, is certain, that no Chinaman will disobey them if he can avoid doing so. Their influence is stronger than that of the American courts, and they work within themselves and in secret. It is this accountability, and this dread of their own secret courts, that keep the Chinese laborer to the letter of his contract. If his group says lay off, he lays off, and if, having occupied a certain field the group orders him to vacate, he does so without question, because to refuse would make him amenable to Chinese law.

XI-XII

COÖPERATION

IN

MARYLAND AND THE SOUTH.

JOHNS HOPKINS UNIVERSITY STUDIES

IN

HISTORICAL AND POLITICAL SCIENCE

HERBERT B. ADAMS, Editor

History is past Politics and Politics present History — Freeman

---

SIXTH SERIES

XI–XII

COÖPERATION

IN

MARYLAND AND THE SOUTH

By DANIEL R. RANDALL, Ph. D

BALTIMORE
PUBLICATION AGENCY OF THE JOHNS HOPKINS UNIVERSITY
1888

Copyright, [illegible], by R. Murray

BALTIMORE:
From the Press of Guggenheimer, Weil & Co.
[illegible].

TABLE OF CONTENTS.

PAGE.
Introduction 489
Productive Coöperation 493
Distributive Coöperation 502
Loan, Aid and Building Societies 508
Railroad Relief Associations 516
Profit-Sharing 523

COÖPERATION IN MARYLAND AND THE SOUTH.

BY DANIEL R. RANDALL, PH. D.

The field which I have chosen to explore in this study of coöperation and coöperative methods, differs so materially from those chosen by my co-laborers that I feel it necessary to preface this paper with a few words of introduction.

Industrial life in the Southern states is unique in its newness, claiming an existence of but two decades, and in consequence is lacking in industrial experience. Strikes, trades-unions, and coöperation are comparatively new ideas, new issues, which the Southern laborer finds difficult to grasp, from inexperience and a failure to appreciate their value in labor economy. Maryland and Texas may claim to be exceptions to the above. The former has enjoyed all the benefits of a Northern education, industrially speaking, and the latter, from its cosmopolitan origin, claims human contributions with human experience from every state in the Union. The empire state of the South should, in truth, because of this dissimilarity with her environment, be treated separately.

The South lay largely in a state of stagnation, socially and industrially, from colonial days until the outbreak of the civil war, when the defense of political beliefs and principles demanded the urgent and strenuous exertion of every citizen. The lethargy, hereditary and universal, which had burdened the Southern citizen from his birth, was in an instant thrown aside, and his noble manhood first put to the test, became quickly apparent. The war, with its accompanying trials, suffering and horrors, was now his bitter lot. The weakness which invariably follows the struggle, from tired muscles and exhausted energy, has been the lot of the South since the close of that terrible conflict, yet the years of peace have witnessed returning strength upheld by increasing hope. The census of 1860 showed a population in the South of 8,000,000 freemen and 4,000,000 slaves. The following ten years witnessed a complete upheaval of existing conditions, and, the slave element disappearing, the census of 1870 returned 14,000,000 freemen.

There is a mine of thought and study in these figures. The two elements of industrial society, capital and labor, had been hitherto united in the person of the slave, a chattel in his master's hand. Four years of internecine strife, the loss of six billions in money, and nine hundred thousand lives, had torn these elements violently asunder, and the New South was born. The "irrepressible conflict" of labor and capital, waged in the Northern states since the days of the revolution, now first appears in the life of the South. She has herself experienced a revolution, fought, indeed, with the beasts at Ephesus. Her wealth has been thrown to the winds, and the chattel become an equal in the eyes of the law. Yet testimony proves that no section can claim a more prosperous laboring population than the South; none are in fuller sympathy with the employing and land-owning class than these *quondam* chattels. The negro problem is seeking its own solution and cannot long remain a subject for economic discussion or legislative debate. "The new South presents a perfect democracy, the oligarchs leading in the popular movement;—a social system, compact and closely knitted, less splendid on the surface but stronger at the core. Ruffians have maltreated the negro, rascals misled him, philanthropists established a bank for him,"[1] yet he survives, better fitted by a schooling in adversity for the duties that citizenship imposes. Law and arms can enfranchise, grant liberty and equality, but to conscience and common sense must be left the final victory of enlightenment and progress over ignorance, depravity and superstition.

---

[1] Grady on the New South.

Twenty years have passed since this industrial revolution of the South, years of rapid development, yet industrial society there is still in its youth, and many years more are needed before she can claim an equal maturity with her Northern sisters.

The South is still in the agricultural stage of society, though evolution toward the commercial is most marked. Georgia and Alabama stand out as prominent examples of this development.

The marked absence of the many causes leading to labor combination and industrial reform, has greatly narrowed the scope of the present inquiry. My study of the subject of coöperation has consequently been confined chiefly to the states of Maryland and Texas, where industries have developed and where industrial life has exhibited similar characteristics to those in the Northern and Western states.

Pure coöperation, with its slight taste of philanthropy, implying a division of net profit between stockholders and patrons of the enterprise; in other words, the Rochdale system, has rarely, to my knowledge been practiced, and rarely attempted in Maryland and the South, except among the Patrons of Husbandry. Many coöperative enterprises have started with the Rochdale system as one of their principles, but a lack of profit or of resolution has destroyed their good intention. Where this principle is not adhered to the coöperative method becomes identical with the joint-stock company. About thirty productive establishments, claiming to be coöperative, have fallen within my province, twenty of which are in the four states of Maryland, Virginia, West Virginia and Texas. Some of these exist at present only in the minds of certain enthusiasts who correspond with labor papers, and many more live but to be christened. I have taken in each chapter examples of living industries and establishments whose permanency can hardly be questioned. Owing to the fact that so many of the coöperative enterprises are in their experimental stage, or have just passed their first year without mishap, I have been often unable to gain information about them from their managers.

I.

PRODUCTIVE COÖPERATION.

Productive coöperation in the South claims an age of but fifteen years and the state of Maryland as its birthplace. It had its incipiency in the period immediately following the Paris Commune of 1871, when the organization of the Internationalists had many votaries in the South. The great social agitation of the period went forth from Paris as a center as do the ripples in water from a central point of disturbance. This was an epoch in communistic enterprise when the theories of Cabet and Saint-Simon were being put to practical test in the Western states. A free society, based upon coöperative organization of production, was the ultimate aim. The party of the Internationalists in Maryland determined to inaugurate coöperative production by establishing a coöperative shoe factory in Baltimore. Under the management of Samuel A. Pierce, perhaps their most active member, the factory started in 1871, a joint-stock company with one hundred members. Profits were to be equally divided between capital and labor, stockholder and employé. The enterprise had a lingering existence of three years and then failed through treachery among the stockholders in disposing of their shares. Competition, too, with machine-made goods was found to be ruinous, but Pierce and a few others remained undaunted.

A year or more after the failure of the first, a second shoe factory was started in humble fashion with six members, and these all practical workers in the enterprise. The capital was small, entirely owned by the workers. Enterprise number two lasted but one year, when five members sold out to the sixth, and the first stage in productive coöperation was passed. For several years coöperative enterprise lay dormant, dispirited by the failure of early attempts. But it again revived in 1884, when a coöperative bakery was established in Baltimore. A company was formed and stock issued, two hundred shares at five dollars. With the $300 of paid capital the company purchased the good will and fixtures of an unsuccessful baker on Cross street, and with the patronage of the labor organizations, with their membership of fourteen thousand promised, the coöperative bakery opened September 15, 1884. A year's trial was enough to convince even the most sanguine of the forty members that a little shop employing but three men and no machinery was powerless before the large steam bakeries of the city. The promised patronage of the toiling masses went for naught, and the patrons of the former bakery withdrew, styling the new enterprise a humbug. The shop was resold to its former owner, and, save a recollection of money lost, nothing remained of this enterprise. But it had sown good seed, and the year 1886 witnessed a revival of the same idea. A coöperative bakery with two hundred and fifty stockholders has been started, and, though at present in the toils, it is hoped that the patronage of the workingmen will place it on a good footing. The year 1884 was marked by a general revival throughout the land in coöperative methods, stimulated by the power and activity of the labor organizations, and especially by that of the Knights of Labor.

By this order the Kentucky Railroad Tobacco Company, at Covington, was incorporated September 1, 1884. The capital of this enterprise now amounts to $20,000, divided into 2,000 shares, which are held only by the employés of the factory. The stock is of two classes, capital stock and wage-producing stock, each receiving equally of the dividends issued out of the net profits of the company. By the laws of the company the employés are paid weekly wages in cash equal to that received by laborers in neighboring factories. Wages are considered six per cent. upon wage-producing stock of employés, and capital stock also receives its six per cent. interest.

The number of employés and stockholders now amounts to thirty-five, and their annual production is estimated at about $150,000. Every worker in the factory is required to be a Knight of Labor, yet in spite of this a rival coöperative tobacco company seems to have obtained the exclusive recognition of the National Convention of the Knights of Labor. This is the National Knights of Labor Coöperative Tobacco Company, of Raleigh, N. C., incorporated January 1, 1886, with an authorized capital of $10,000. It has many laws like those of the last mentioned company without its novel and perhaps misunderstood system of profit-sharing. The stock is exclusively held by Knights of Labor or their assemblies, no assembly or individual being allowed to hold more than fifty shares or $125 worth, and no shareholder is entitled to more than one vote. The coöperative principle of this company may be gathered from section 25 of their rules and regulations: "The net profits of all business carried on by this company, after paying for or providing for the expenses of management, interest on loan-capital, and paying eight per cent. on paid-up shares of capital, shall be divided into three equal parts, viz.: One to labor, one to capital, and one to the coöperative fund of the Knights of Labor." The company may also create a reserve fund to meet contingent expenses and losses. The business of the company must be deemed highly satisfactory, though the showing for the ten months ending January 1, was not as favorable as for the first three or six months of the enterprise. This is due largely to the apathy of members and their patrons toward the concern after the excitement of the start had subsided, and the causes which compelled its formation were forgotten. The sales for the last year amounted to about $7,000, and, after the payment of all expenses, the stockholders realized a profit of ten per cent. upon the paid-in stock, amounting now to $3,660. Prospects are improving, and there is every indication that the present will be a fortunate year. The disposition among the working classes to start coöperative business is marked, but the indisposition to maintain them after a beginning has been affected is also as clearly marked.

Productive coöperation had one of its most hopeful examples in the glass manufacturing company, started at Baltimore in 1885. It originated in a general strike of blowers in the glass-works of the city. The strike, as a whole, was unsuccessful, but a few among the employés determined to stick to their principles and start a rival factory rather than return under the old conditions. A piece of land was given them by a friend at Mt. Winans, a station on the Baltimore and Ohic Railroad, about five miles from the city limits. Here the glass-works were constructed. Capital stock was issued at first to the amount of $10,000, at one hundred dollars a share, but finding this too small, it was later increased to $25,000 and again to $40,000.

Of this but $18,000 has been actually paid in, and is largely owned by the directors, though some little by the other employés. The management was very democratic, being in the hands of a board of twenty-three, all of them skilled workmen, out of which a president, treasurer and secretary-agent were chosen yearly. No shareholder could own more than five shares, though some of the stock had been disposed of before this became a law. The works can employ one hundred men and boys when worked at their greatest capacity, and produce five hundred gross of bottles a week. Nominally this enterprise was founded and managed upon the Rochdale principle. The secretary wrote: "We have started the works in such manner as we claim none others have done in the history of these United States, our great impulse being to resist the iron despotism of capitalists."

The philanthropic and harmonious feeling in which the enterprise was undertaken may be readily seen in this article of their laws. "The profits are to be disposed of in the following manner: Six per cent. interest is to be paid upon the capital stock, and the balance subdivided, viz.: Five per cent. toward a contingent fund until fifty per cent. of the capital stock has thus accumulated; two and a half per cent. to be donated for educational purposes and the renting of a hall in which, by classes and lectures, the laborers are to be improved, and the surplus to be divided as a bonus to consumers and non-stockholding employés.”

The Coöperative Glass Company is now considerably in debt, owing to changes in their plant, and the works have not been in active operation for a year. No dividends have, as yet, been declared, and likely will not be for several years. The long protracted and frequent strikes among glass-blowers during the past two years had tended greatly toward the betterment of this workingmen's enterprise, in which the matters of apprentices and union rates did not enter.

I have deferred until the last a description of perhaps the most flourishing enterprise in the South worked upon coöperative principles, though perhaps the youngest. This is the Furniture Workers' Coöperative Manufacturing Association of Baltimore. Like the majority of coöperative attempts in the South it is still in its infancy, yet has attained already such success that permanency seems secured. The eight-hour movement, which was to have taken effect May 1st, 1886, found among its advocates in Baltimore over three hundred joiners. For four weeks after the strike the proprietors of mills and furniture factories withstood the movement by closing their shops, and at the end of that time offered to take back those who would return under the old ten-hour system. A majority accepted the terms immediately, others held off until their ready money was exhausted and then succumbed, so that two months after the movement was inaugurated but twenty-five stood by the eight-hour demand.

These had been black-listed by their employers and were unable to obtain work in the city. This little body had not been idle meanwhile, but obtained from eighty-five of their other joiners subscriptions amounting to $1,800 before

July 1st, a capital for the new coöperative enterprise. Machinery had to be purchased, buildings rented, and work well in progress before they could expect credit from firms or individuals. Many obstacles were in their path, and, added to all, the attempt of their former employers to hurt their business and reputation. This was seen in several instances. An agreement was made and signed with a large company to furnish the necessary machinery for the factory. After several unexplained delays the machine company finally repudiated its contract upon the untenable ground that the capital of the new enterprise was too small for them to succeed in business. Later investigation proved conclusively that their old employers were the direct cause of this breach of contract. Nothing daunted, the men purchased necessary machinery on favorable conditions from Clarkson & Co., of Baltimore, and a building, once used as a furniture factory, was refitted with improvements. Their old antagonists were again on their track, threatening to boycott those who furnished lumber and supplies, believing in the old-time remedy of suffocation in infancy rather than the doubtful rivalry of riper years. Work began at No. 1 Granby street, and the factory became crowded with finished ware. Two houses on East Baltimore street were rented and are now used as ware and show-rooms. On the 15th of January, 1888, the company occupied new and larger quarters on Preston and President streets. The factory is nearly five times the size of the Granby street house, and it is estimated that their second half-year will make an output twice that of the first six months. The force of workmen employed at the start was twenty-five, fifteen of whom were joiners, but the business of the association has so rapidly increased that about seventy-five men are now in constant occupation. The manager of the factory, elected by the stockholders, proved an unfortunate choice, but neither treachery within, nor conspiracy from without, has undermined a business founded upon grit and energy. On the first of January last an inventory of stock, fixtures and debts was made, and revealed to these unpretentious toilers, who could lay no claims to business ability, a state of affairs highly encouraging. Though expecting but living wages during the first year of their enterprise, they have, in truth, received but two-thirds of their wages, willing to endure some privations until they have attained their aims. These, in the words of one of the coöperators, are two in number, first, to show the employers of labor that coöperation among workers can succeed and friendly relations with one another be maintained; and secondly, that machinery, which makes slaves of their workmen, must become the slave of the workmen. The capital of the association is $50,000, at one hundred dollars a share. Shareholders must belong to the Furniture Workers' Trade Union, of Baltimore, or to their International Union, and can hold but one share of stock. All the employés of the factory are required to be shareholders, but are allowed to pay for their stock by installments. The management of the association is in the hands of nine directors, elected by the stockholders, and out of this body are annually chosen the president, vice-president, secretary and treasurer. All of these officers, except the vice-president, are bonded in the sum of five hundred dollars each. The factory started August 1st with a capital of $1,800, which has since been increased to $6,326. The cost-value of the machinery is $4,956, from which it may easily be seen that little remained to pay as wages until a good credit had been established. The annual statement, rendered in July, 1887, showed that, after meeting all liabilities, the company still had a surplus of one hundred and seventy-two dollars. The sales for the first year amounted to $32,000. The sales at present average $60,000, which will be increased by one-half after occupying their new quarters.

As nearly as can be estimated the assets on the first of January stood as follows:

Real estate, cost value	$25,000
Machinery and fixtures	4,956
Outstanding accounts	4,000
Merchandise inventory	10,000
	$43,956

The coöperators are zealous, determined men, and without doubt can make their business a successful one, though the present is a little early to expect great results.

The Knights of Labor Coöperative Soap Factory, of Richmond, is an enterprise, according to report, in prosperous circumstances. It was inaugurated about three years ago for the manufacture of Knights of Labor soap, and has had to face a powerful competition. The larger manufacturers have combined to drive their product from the market. As the colored people use a great amount of soap, in washing *for other* people, it was upon their feelings and purses that the larger companies worked. They issued cards to all the colored churches of Virginia, offering a certain percentage of all sales to the churches, and its effects have been to greatly lessen a business at one time deservedly large. Its present condition is unknown, as no replies have come to letters.

Glass-works at Annapolis have lately been reorganized upon a coöperative plan, and have taken the mantle of the Baltimore company upon their shoulders. The enterprise started two years ago as a joint-stock company, many of its members being of the laboring population. Finding it impossible to succeed through constant disagreement with the employés, the managers have adopted a coöperative plan by agreement with them. One-half of the laborers' wages are withheld until the end of the year, when, from the net balance, a six per cent. interest is first paid on the capital stock of $15,000, then the half-wages due the employés, and the remainder is divided between capital and labor. The inauguration has been too recent to judge of its success.

The same may be said of the coöperative shirt factory recently started in Baltimore. Its aim is to give employment to women at good wages in the manufacture of Knights of Labor shirts. The capital is $5,000, at five dollars par, and owned generally by members of the Knights of Labor, though there is a general interest in its success in all classes. Work was started in an humble fashion at 107

West Fayette street, and is being carried on there still. Five hands are employed, and the sales have not been very extensive. Competition with the steam-power factories is very severe, and a capital sufficient to place this enterprise upon a competing basis is much needed.

The following are some of the more successful coöperative enterprises recently started in the South:

1. Coöperative Mining and Manufacturing Company, of Hopkins county, Ky., incorporated May, 1886. Capital $50,000, at par five dollars, and can only be held by Knights of Labor.

2. Knights of Labor and Farmers' Alliance Coöperative Publishing Company, Fort Worth, Texas. Chartered December, 1886. Capital $25,000.

3. Knights of Labor Coöperative Laundry, Fort Worth, Texas.

4. Coöperative Underwear Factory, Richmond, Va., with a branch establishment at Manchester. Started December, 1886.

5. Knights of Labor Coöperative Broom Factory, Lynchburg, Va. Started October, 1886.

6. Coöperative Match Factory, Woodstock, West Virginia. Started in 1886.

7. Ohio Valley Coöperative Pottery, Wheeling, West Virginia.

8. The *Journal* Publishing Company, Baltimore, Md. Started in 1882 and re-organized in November, 1886. Publishes a daily German paper. Capital $5,000, is owned entirely by the ten employés. Has a circulation of over 6,000.

9. Coöperative Cooperage Shop, Baltimore. Started in March, 1887.

10. Coöperative Mercantile Association, Danville, Va.,

11. Coöperative Mining Company, Salisbury, Ala.

12. Coöperative Mining Company, Louisville, Ky.

13. Coöperative Coal Mining Company, Earlington, Ky.

II.

DISTRIBUTIVE COÖPERATION.

Systems of distributive coöperation have had little existence in the South, except in the two states of Maryland and Texas. No instances can be found before the war of a union of consumers for the cheaper purchase of necessaries, though this is the simplest form known.

Industrial life in slavery days did not permit any such scheme on the broad plantation, and in the city the care for the small things of life was deemed below the dignity of a Southern citizen. It seems doubtful to me whether in the United States distributive coöperation will ever succeed. The prevalence of the evil credit system, the mixed nationalities of our citizens, and the excited, everlasting rush in industrial life, tend to render our people impatient and indifferent to the results obtainable in such a scheme.

Only a slow-thinking, penny-counting, frugal and painstaking people can bring coöperation of any character to a success. In the South generally, its growth and development have been closely associated with that of the order of Patrons of Husbandry, commonly known as the Grangers. Maryland may justly lay some claim to the foundation of this order, in the fact that Washington is its birth-place. The order was founded by seven government clerks in 1867, and during its life of twenty years has experienced many ups and downs. In the first ten years of its existence the growth of the order in wealth and power was phenomenal, but the following decade witnessed a loss of much of the ground once gained. The labor agitations of the past few years, the necessities for a better regulation of interstate commerce, and the growth of the railroad factor in economic life have stimulated a recent increase in its strength and interest. The reports of State Granges to the National Grange are our chief source of information. Yet these have to be used with caution, and suitable allowance has to be made for the high-flown enthusiasm of the masters. The reports for the last three years show a rather unsatisfactory condition in distributive coöperation among the Grangers in the South. The Rochdale system of competence to the purchaser, and the system of cash payments, are both suggested by the National Grange, and generally adopted. When failures occur, it is always claimed, they are due to a departure from these strict business principles and the laws of common sense. The Texas Coöperative Association has reaped the greatest success in this country in distributive coöperation. Chartered July 5, 1878, with an authorised capital of $100,000, but an actual capital of $250, this association is to-day the third largest receiver of cotton at the port of Galveston, and but for the action of the last Texas legislature, in prohibiting the chartering of local associations, this company would add the largest grocery business in the state to its credit. The stock of the association can be issued only to members of a Grange in good standing, individually or corporately. The paid-up capital now amounts to $51,715, the par value of stock being five dollars. One hundred and five coöperative associations have sprung into existence, scattered throughout the great state, and one hundred and fifty-five coöperative stores have grown from the seed planted but eight years ago. The central house of the association is at Galveston, with an agency in New York city, securing for patrons and others not belonging to the order the greatest advantages in the buying and selling of produce. The business of the Texas Coöperative Association for the year ending June 30, 1887, amounted to over $500,000, and the net profits of the year's work reach within a fraction of $20,000, to be distributed among the members of the order. By the constitution of the association profits are divided as follows: Shareholders are allowed ten per cent. on paid-up stock; a portion may be set aside by vote of the association to increase the capital, and the remainder is divided among stockholders and Patrons of

Husbandry not stockholders, the former receiving full and the latter half dividends. Profits derived from business furnished by Patrons not shareholders, and by non-Patrons, are styled an "accumulative fund," but are divided yearly among the shareholders. This class of business amounted last year to nearly $31,000, or about one-twentieth of the whole. This method then is not the pure form of coöperation, affording a competence to the purchaser, but is advantageous to Patrons of Husbandry alone.

The increase of capital and the amounts of the dividend fund, from the year 1879 until the present, are given in the following table:

Year.	Paid Capital.	Dividend Fund.	Stockholders.
1879	$ 250 00	....	...
1880	1,180 00	$ 1,385 00	...
1881	3,347 85	5,632 15	...
1882	14,000 00	12,654 73	...
1883	20,000 00	20,542 46	...
1884	27,500 00	17,349 49	...
1885	32,670 00	11,644 37	473
1886	39,730 00	19,604 41	497
1887	51,715 00	19,861 10	620

Each of the one hundred and fifty-five coöperative stores connected with the association does its own local business, and reaps its own profits. The total membership of the central and subordinate associations is now about six thousand. The total capital of the same is about $744,500. Total trade in the year 1885 in sales amounted to $1,977,579.90, from which was realized the total profit of $255,531.45. Failures among these subordinate associations do occur, but only, it is claimed, when the direct laws and injunctions of the association are departed from. Each association sends its representative to the yearly meeting and reports are then made and profits divided. Officers and seven of the thirteen directors of the association are elected at this August meeting. The latter choose the most important officer, the business manager. He gives a bond of $50,000, the secretary one of $3,000, and the treasurer one of $1,000, thereby greatly increasing the confidence of the Grangers and other patrons. The "*Texas Farmer*" is the organ of the State Grange, and is owned and published weekly by the Patrons. It at present has a circulation upward of four thousand. Another feature of the Texas Coöperative Association is the Mutual Fire Insurance Company managed by the working force of the association. It started operations September 15th, 1885, with no capital. Its capital is now upward of $6,500, formed by the yearly premiums of the insured. Patrons alone can be insured, the Texas Coöperative Association guaranteeing the policies. About $8,000 has been paid upon losses incurred by fire since the organization of the company, and the amount insured amounts to $136,030.98. Coöperation has done wonders among the farmers throughout Texas. The societies have encouraged thrift, have been a means of education and happiness among their members, and have engendered the principles of practical economy. Under the vigorous management of Mr. G. S. Rogers, who is and always has been the business manager of the Texas Coöperative Association, coöperation and its sound principles will spread and exert a potent influence among the citizens of that immense state. The Farmers' Alliance, an association akin to the Patrons, practices a form of coöperation in buying and selling by contract with certain merchants. Its members are also favorable to coöperative stores, and have allied themselves with the Knights of Labor in several attempts at productive coöperation. In Louisiana the Grange has organized a coöperative educational association, a school for their children. With a modest capital of $8,000 an elementary school has been started, paying dividends on the true Rochdale principle to stockholders and the public generally who patronize the institution. In Georgia some little coöperation exists among the farmers, who form clubs and purchase articles in bulk and at wholesale rates. This is quite a common method throughout the South. The Kentucky State Grange had for many years a state agency in Louisville, but the farmers fell into the hands of designing persons, who so manipulated their business that the agency got into the control of private parties. The cause of coöperation has been greatly weakened by this mishap, and a general distaste for its principles is manifest. However, "Church Hill" Grange, in Christian county, has pursued successfully the plan of dealing exclusively with one reliable house, which becomes their agent and grants them certain privileges. The one hundred and seventy members save by this process no less than $3,000 annually. The Kentucky Grangers have in their day had great political power, and by having railroad rates fixed by law at three cents per mile in the transportation of produce, have escaped many of the exactions that farmers' flesh is heir to. The Knights of Labor, also, have quite a successful store in Louisville, worked upon a coöperative plan. West Virginia has not been backward in distributive coöperation, and its true principles are being inculcated into youthful minds by the formation of classes among the farmers for the study of theoretical and practical coöperation. Maryland claims, however, the most successful agency in the order of Patrons, though its trade is not nearly as extensive as the Texas house. The agency was felt to be needed because of the high commission rates upon poor paying crops then demanded by merchants in Baltimore, and was started in 1876 with a cash capital of twelve dollars. Ten years of activity have increased the capital to over twenty thousand dollars. Started in a large city, without credit, and distrusted by many of the farmers, the agency has overcome many obstacles before attaining its present success. To facilitate business for the farmers in the western and northwestern portions of the state, the directors have established a branch agency in the city of Washington, granting it a portion of the capital of the state agency.[1] The gross business and net profits of the state agency for a few years are given in the accompanying table:

---

[1] Gross business of Washington agency for 1887 amounted to $20,000.

Year.	Total Business.	Net Profit.
1887	$290,859 76	$2,414 84
1886	319,845 73	6,219 13
1885	313,566 23	4,784 61
1884	362,485 76	3,564 58
1883	....	12,200 00
1882	547,501 13	3,801 76
1881	....	3,786 50

The profits are divided among the Patrons annually, but are rarely withdrawn. By this means the capital of the agency has been increased, and its business in consequence widely developed. A coöperative store is in operation at Rugby, Tenn., the community founded by Thomas Hughes. The settlement was made in 1880 by a party of colonists, conducted by Mr. Hughes in person, from England. This ideal colony has flourished, though the ruling power is in a London Board, with their agents at Rugby.[1] Very contradictory reports are circulated regarding its present and future, though there seems to be a unanimity of opinion as to the greatness of its possibilities. The Sovereigns of Industry, the great promoters of coöperation in New England and the Middle States, had no existence in the South, though the state of Maryland claimed a few members in the early years of the organization. Yet the influence of this order, as of the theories and principles of the Patrons, are manifested in the zealous endeavors toward coöperative enterprises witnessed in many parts of the South. The Parkersburg Coöperative Association, incorporated in July, 1885, is but one expression of this feeling. Parkersburg, W. Va., has among its citizens one of the most zealous as well as energetic coöperators in the country, M. P. Amiss, Esq., under whose direction this association was founded, and by whom the principles of coöperation were instilled by lectures to his brother citizens. The association has a store which is reported as doing a good business, and contemplates the establishment of a coöperative canning factory this summer. The capital of the association is $10,000, divided into shares of ten dollars each. These may be purchased by installments, but no member can own more than five shares, or cast more than one vote. The profits are thus disposed of: "Two per cent. of profits shall form a contingent fund, or sinking fund, until a sum equal to thirty per cent. in excess of paid stock shall have accumulated; six per cent. shall be paid as interest on the capital stock; the remaining profit is to be divided among the members according to their purchases."

---

[1] There are comparatively few coöperative features in this colony, and no communistic features whatever.

The Clinton Coöperative Company, of Baltimore, is achieving a success in coöperative distribution. The company was incorporated in May, 1887, with a capital of six hundred dollars. A grocery store is now in active operation, and is well patronized by the Knights of Labor. The shareholders number forty-three. These are allowed a credit up to six dollars; all others deal upon a strictly cash basis. Quarterly an account of stock is taken and a dividend declared, which by agreement is for the first year turned in to increase the capital. This dividend amounted to nineteen per cent. at the end of the last quarter.

III.

LOAN, AID AND BUILDING SOCIETIES.

Loan societies may lay true claim to priority over any other form of coöperation. The principle involved had its origin in the earlier days of pre-historic man, when one lent another his services in the construction of houses, in the tilling of fields, or in the care of flocks. In return he received like assistance, or some proportion of the produce of flocks or fields. Germinal types of the loan, of the beneficial and of the building societies are here seen, though the first attained no permanence before Christian principles leavened the race of men. During the early centuries of

Christianity, societies existed among its votaries whose object was to aid the brethren in distress, and especially to provide for their burial. Such societies were authorized by the Roman law, and received its sanction and protection. Regular dues were paid to the "Collegium" by its members who received in return a guarantee of burial. By the indefatigable labors of such societies the vast catacombs of Rome were built, a wonder for later ages. From that time to the present the church and Christian precept have played an important part in the organization of beneficial societies of all sorts, rendering practical assistance as well as spiritual encouragement.

Loan and building societies are much the same the country over, differing merely in the character of members and in success of operation. In the South they had rare existence before the war, a few isolated cases only being found in the larger cities. After 1865 they sprang up like mushrooms, generally with little security of foundation and loose in management. The laws of the states made it easy to start them, but took little care that they should be limited strictly to a legitimate business. Five individuals might meet, contribute a few dollars each, and incorporate themselves as the Smithville Loan and Building Association. They would in their corporate capacity issue their stock, and returns would come in rapidly, with few loans at first to exhaust the capital. Here was a chance for peculation, which was frequently attempted. While the managers used the capital, reserving a small sum for dividends, all looked well. At last some stockholder desires to withdraw and applies for his money. Here came the rub. With little cash on hand the officers would give a note on the company, not their own; other stockholders would become frightened; a run is made upon the concern and the collapse comes. The association corporately pleads "*nulla bona*;" but the managers individually have made enough to incite them to start another loan and building association. Owing to such frequent failures among them during the ten years following the war, more stringent laws were everywhere passed. An element of safety was introduced by making the president and officers personally responsible. But abuses and consequent failures continued so long as the societies could issue notes in lieu of dividends or shares. This was remedied in Maryland by an act of 1878, forbidding any such society "to issue any promissory note, bill or obligation of any kind to any member thereof, or borrow therefrom in lieu of money, and that all loans of such corporations shall be made in money and not otherwise." The societies now in existence, and there are many of them in Maryland, are upon a good footing and afford to a certain class of people inducements to borrow money and improve homesteads. Good real estate security, or something deemed equivalent, is required before the association will lend a cent. The loan is made as a rule to stockholders only, and the rate of interest is excessive. To wipe out his debt the borrower pays twenty-five cents weekly per one hundred dollars, and fifteen cents on the same as interest. For example, A. wishes to borrow five hundred dollars of a loan society of which he is not a member. He must buy at least one share, mortgage his house and lot, and then pay at the above rates over eight hundred dollars before he can redeem his mortgage and declare himself free from debt.[1] He is fined if he misses a weekly payment, is charged for the drawing of the mortgage, and, though his actual debt grows less weekly, he pays a high rate ever increasing until the debt is extinguished. The officers and stockholders who do not borrow regard themselves as philanthropists in a mild way, while a calm outsider recognises such an institution as a fraudulent

---

[1] For one share of stock, say	$ 5 00
To twenty-five-cent payments, 7 years 9 months	500 00
To fifteen-cent payments for same time	300 00
	$805 00

The borrower commences by paying at the rate of seven and eight-tenths per cent. interest, and is allowed no reduction on credits.

humbug that hides its misdeeds under the cloak of a good name.

The coöperation is here strictly confined to the non-borrowing stockholders. So numerous are these societies in Baltimore, especially among the Germans, that names fail them to style their associations, so they adopt the name of the street upon which the office is. Fortunately there are better forms of building and loan societies. Another method employed in the loaning of money is used by the Washington Coöperative Building Association, of the District of Columbia. The association issues stock at a par value of one thousand dollars, and the shares are paid for at the rate of two dollars and a half a month. At the end of every month or fixed period a surplus has accumulated from such installments and from fines, and this is loaned to the members who bid the highest rate of interest. The bidder must own stock to the amount of his loan, though not paid for, and must give a sufficient mortgage security.

The mortgage being turned over to the company, the highest bidder receives his loan, payable in six years. The officers of the company are all bonded, and their business is very extensive. A stockholder is permitted to draw out when he chooses, receiving all he has put in and six per cent. interest thereon. The interest is rarely higher than eight per cent., and the borrower is never actually swindled, though the method of bidding may introduce a speculative feature.

Another method, still pursued by some of the loan societies and the Sovereigns of Industry in the Northern states, was the following: The association borrowed money from ndividuals, guaranteeing six per cent. interest. This is sub-loaned by the association at the rate of ten per cent. to the borrower who bids the shortest term. Thus the capital can be turned over often, and the margin of four per cent. pays all expenses of management. In the Southern states societies of this character have had a comparatively recent origin.

Among the slave populations the idea of associations for any purpose was contrary to the spirit of the law, and any attempts at such were vigorously stopped. Gradually, however, there grew up the free-black population of the South, composed of slaves voluntarily freed or of those who had purchased their freedom by years of toil. They were a better class, mentally and economically, than their brethren in slavery. The first idea of the freed slaves was to leave the plantation and flock to the towns and cities, and there to form secret societies. The element of secrecy was always most popular. As early as 1835 such societies of free-blacks existed in the cities of the South. Baltimore was the stronghold of their class, and their number was great here. Societies sprung up in city and country connected with their churches, but here, as in most of these societies, an officer of the law was required to be present at the meetings. The number of free-blacks increased largely in the decade immediately preceding the war, numbering in Maryland alone, in 1860, nearly eighty-four thousand; in Virginia fifty-four thousand. To some extent slaves were admitted to their societies, though this was forbidden by law, because it was supposed that such associations gave assistance to slaves to escape from bondage. There is and always has been to the colored people an indescribable charm in secret conclaves and symbols. So suspicious were their actions often in their meetings that not infrequently, before the war, the courts would authorize a raid upon their temple, and a strict scrutiny of their records by a court official. During the years of the war and those immediately following, negro beneficial societies exercised little influence, but from 1867 to the present their growth has been phenomenal. The first associations were either connected with churches or were masonic in character. The Odd Fellows were organized in Maryland as early as 1837, and claim an earlier and more direct descent from the English society than do their white brethren, having been formed under a charter brought out that year from the mother country. The order of the Good Samaritans was, perhaps, the next instituted, in 1841, and these two organizations now number their membership by thousands in Maryland alone.[1]

From Maryland these masonic societies spread over Virginia, Kentucky and Tennessee, admitting all ages and both sexes into their various male, female and juvenile departments. Few negroes in good standing in the cities of the South belong to one society alone, and often a man, active in such works, can claim a membership in six distinct lodges or societies at the same time.

Beneficial societies lacking masonic mysteries have had little popularity among the negroes, but, so far as learned, have had excellent results. They are of two classes, on the mutual benefit principle, with regular periodical dues, and on the assessment principle, dues being dependent upon the mortality of the members. The former, from its certainty, is deservedly the more popular form. Take for example the Maryland Mutual Benefit Association, incorporated in February, 1885, as a sample of the first class. Members pay weekly dues varying at choice from five to twenty-five cents, and receive in turn, when sick, a weekly benefit varying from seventy-five cents to seven dollars, and a funeral benefit of from eight to fifty dollars. The membership of this particular society is small, yet it has eight branch offices in different towns of the state, and has paid out quite a sum in benefits within its three years of existence. Assessment societies are worked on a rather different principle. As an example of this class we may take the St.

---

[1] The order of the Galilean Fishermen, another colored beneficial society, originated in Baltimore, in 1856. Its organization is secret, composed of men, women and children, and its membership is 25,000 in nine states, managed by 400 right worthy rulers, 400 secretaries and 1,200 committees on the sick. Over $25,000 has been paid into its treasury, of which over $20,000 has been disbursed in charities of some kind. Baltimore city's membership is about 2,700, divided among fifteen lodges.

James' Beneficial Society, organized about 1850 among the colored members of St. James' Church, Baltimore. The members pay a regular monthly fee of fifty cents, and receive a weekly benefit, in case of sickness, for eighteen months. Moreover, the brother members are required to act as nurses to the sick, and accomplish great good thereby. If the member becomes a chronic invalid he is supported upon a gradually diminishing allowance for two years. In case of a death the society guarantees thirty dollars in an immediate payment, and an additional amount raised by a levy of twenty-five cents on every member. The colored beneficial societies have been, as a rule, well managed, and few cases of insolvency are reported. Greater security from financial difficulties is insured in having a large committee do the work of the treasurer, and by a mutual distrust thus engendered, the possibilities of peculation are reduced to a minimum. Possibly harm is done in stimulating a desire for large and costly funerals, yet the good accomplished far outweighs this. If a member dies on Monday his body usually remains unburied until the following Sunday when the whole organization can turn out and parade. This desire for display is, however, inherent in negroes, and they follow the example of their more enlightened white brethren. The good that such societies have accomplished can not be questioned. During the war and immediately thereafter, negroes could be seen begging on every corner to heal their sick and bury their dead. This is a thing of the past, and the number of negro paupers buried by local authorities, city or county, or supported at public expense in alms-houses, has been wonderfully reduced in the past twenty years. There is an inherent horror in the heart of every negro of being cared for and buried by the public, doubtless increased by the dread of certain use after death for the cause of the medical science. Medical schools, in consequence, are so often reduced to extremities that they are driven to look for subjects in other than the Potter's fields. There are over a hundred colored societies in Maryland, and their membership is variously estimated at from ten to fifteen thousand. Kentucky and Tennessee have each nearly as many. Begun in the simpler forms, they have in many instances expanded into literary, pension and insurance societies, though they are very shy of the more complex features.

Few loan or building societies exist among the negroes, which may be explained in three ways: First, from the fact that the colored people as a rule have little desire to acquire property in the cities, where the societies exist, whereas in the country districts this desire often amounts to an insanity. Again, if they wish to purchase or improve property in town, they prefer accumulating in the old stocking, or borrowing on notes from banks. Their trust in banking institutions of all sorts is small, and has been greatly lessened by the miserable failure and fraud connected with the late Freedmen's Savings Bank.[1] A third cause is undoubtedly in the feeling that they are themselves incapable of conducting a business of that character, and prefer to leave it to their white brethren, w[illegible] most cases allow them equal privileges. Thus in G[illegible]town numerous charters of colored loan and building societies have been recorded but not one as yet started. Baltimore has but one building society exclusively managed by negroes.

---

[1] The story of this institution is well known. Chartered by Congress, March 3, 1865, thereby receiving the sanction and approval of the government, the Freedmen's Bank was an incentive to the newly-created citizens of the South to save their first earnings. It was founded, not to carry on a banking business, but its object "was to receive deposits on behalf of persons heretofore held in slavery in the United States, and of their descendants, and invest the same in stocks, bonds, treasury notes, and other securities of the United States." (Charter). In 1870 the managers without authority applied for a change of charter allowing them to do a banking business with the deposits. This was granted by Congress, and speculation, in four years, caused the collapse and suspension of the bank (June 29th, 1874). The deposits on its books amounted to two million dollars. Senator Call's bill, appropriating $1,300,000 to the depositors and their representatives, has just become a law, but the greatest difficulty is experienced in tracing the original depositors.

IV.

RAILROAD RELIEF ASSOCIATIONS.

Maryland is the centre and birth-place of one of the largest beneficial associations started in this country. Railroad relief and insurance associations had been in existence many years in England and the continent when the Baltimore and Ohio organised their system. Its origin was largely due to the lessons taught by the railroad riots in 1877, showing clearly the need of a more compact and coöperating system in the management of the road, and of a firmer bond of union between employer and employé.

Sixty per cent. of the employés were induced by the company's agents to petition for the establishment of a relief department in connection with the road, and acting upon this "petition" the Baltimore and Ohio Relief Association was inaugurated in May, 1880. The company clearly recognised the advantages accruing to them as well as to the employés in such a society. It was then regarded, and is still, as a purely business undertaking, savoring little of philanthropy. The company contributed the sum of $100,000 as a nucleus of the fund, and guaranteed certain privileges to the members of the association. Among these were free transportation on the road, under ten miles, for the children of contributors going to school, half fares for contributors and their families, and free medical attendance to those injured in the performance of duties. Participation was made compulsory for all employés and officers, except those receiving a salary of $2,000, or who were engaged in duties not deemed hazardous, or who failed to pass physical examination. Five classes of contingency were provided for; (1) to an employé disabled temporarily in the discharge of duty, a daily allowance for six months; (2) to the same in case of permanent disability, an allowance; (3) in case of death the payment of a stipulated sum to his representatives; (4) to the employé injured other than by

C

accident in discharge of duties, an allowance for one year; (5) to the same in case of death, a specified sum. A regular scale of benefits and of monthly dues exists. Those receiving thirty-five dollars or under pay one dollar monthly, and receive a daily benefit of twenty-five to fifty cents and a death benefit of $100 to $500, depending upon the class of contingency. Dues and benefits are graduated up to those receiving one hundred dollars or over per month, paying a monthly contribution of five dollars, and receiving a sick benefit of one dollar and a-half per day and a death benefit of $2,500. These death benefits have been largely increased since their start without an increase in the contribution. As a precaution against the infirmities of old age a system of annuities was at the same time started, optional however, with employés. Contributions to this fund must be continued until the age of sixty-five, after which the contributor receives an annual allowance during life, equal to ten cents on every dollar contributed to the fund, and *one-half* cent for every year he has contributed. Example: A. contributes five dollars for thirty years, from the age of thirty-five to that of sixty-five. At the end of this period he will have $1,800 to his credit. His annuity will be one hundred and eighty dollars plus two dollars and seventy cents or one hundred and eighty-two dollars and seventy cents. In the event of death before the attainment of the age of sixty-five his representative receives the whole amount contributed and a sum equal to one-half this in addition. All members of the relief association must be under forty-five and have passed a physical examination at their entrance.

After two years of successful operation the Baltimore and Ohio Relief Association was incorporated by the General Assembly of Maryland, in 1882.

Seeing that the field of coöperative usefulness could well be enlarged, the following August (1882), supplementary organizations were added in a savings bank and building association for the benefit of the members of the relief association. Members are allowed to deposit from one dollar to one hundred dollars per day at any railroad station or office, and are guaranteed four per cent on such deposits. Depositors are allowed a vote, for every twenty-five dollars deposited, in the election of two trustees, the railroad company selecting three. Surplus dividends may be declared every three years.

The building association scheme is open to all members of the relief association having fifty dollars on deposit in the savings institution. Borrowers obtain money at six per cent. interest on good security, and must repay at the rate of one dollar per month on the hundred until the whole is paid, each payment being deducted from the loan. Money is loaned only for the purchase of homesteads or their improvement, and the company allows great reduction in the transportation of building materials, and, when desired, the services of an inspector. On the 14th of October, 1884, a new feature was introduced in the shape of a superannuation or pension fund. It was endowed by the gift of $25,000 a year from the railroad, and a payment of $100,000 to it from the relief association. Pensioners must be members of the association, and must have been ten years in the company's employ. The fund is entirely supported by the donations of the company, and no payments are made to it by individuals. The pension roll numbers one hundred and sixty-five persons.

One can readily conjecture the scale of the association's work, and the vast amount of good it has been doing over the great system of the Baltimore and Ohio Railroad. With headquarters in Baltimore, the membership of the association reaches from the Carolinas to New York, from Baltimore to Chicago. It now amounts to 22,155. The great financial work that this association has built up, in its four departments, may be seen from a glance at the accompanying table.

RELIEF ASSOCIATION.

	Receipts.	Disbursements.
May, 1880-January, 1881 (8 months)	$ 88,548 38	$ 41,563 14
Jan., 1881-Oct., 1882 (21 months)....	245,086 80	202,617 00
October, 1882-1883..........................	241,830 35	206,157 40
" 1883-1884..........................	273,068 04	220,067 82
" 1884-1885..........................	280,804 53	291,443 87
" 1885-1886....................................		285,870 89
" 1886-1887..........................	328,325 00	346,770 00
Total, 1880-1887............	$............	$1,716,536 80

SAVINGS FUND AND LOANS.

	Deposits.	Loans on Mortgages.
August, 1882-October, 1883	$ 82,555 25	$ 48,440 84
October, 1883-1884..........................	146,085 17	59,060 11
" 1884-1885..........................	217,173 37	108,375 72

The executive officer of the relief association is the secretary. This position was first occupied by Dr. W. T. Barnard, under whose careful management the association took root. Dr. S. R. Barr is now secretary.

A sustained membership of 18,400 for five years, and the distribution of $1,716,536 in 67,560 payments among its members are facts sufficient in themselves to warrant the belief that the association is becoming an important feature in the Baltimore and Ohio system, productive of beneficent results. The employés have patronized with avidity the savings and loan features. The deposits of the former amount already to $273,132, of which $150,440 has been loaned for building and improving homes, and but twenty-six per cent. of this has been withdrawn since the bank opened.

The coöperative work of the railroad company has not stopped here. A free circulating library, liberally supported by the company, is in active and useful operation. An improved system of apprentices in the various departments, and a common school education in free night schools, at the expense of the company, contribute to the improvements of labor and the laboringmen.

Finally, the company has purchased a site for a sanitarium and home for its disabled and aged employés and their families, and now distributes medicines among them. There are disadvantages in such a relief association when viewed through other glasses than those of the railroad company. Even the utopian schemes evolved from philosophers' brains have always two sides; and so also must such a practical, worldly plan of a soulless corporation. In spite of the many admirable features the employé views it with distrust because it is an instrument by which the company gains a well-nigh absolute control over his fortunes and happiness. It is a tie that binds too tightly. The various features of the association are inextricably intertwined, and the compulsory feature is dominant. Moreover, membership in the association precludes the possibility of a suit for damages against the company, and an attempt at such forfeits the member's rights and interest. Yet, when a year or so ago the company solicited of its sixteen thousand employés their opinions upon the association and its workings, favorable replies came from every quarter save one, Chicago. Objection from this quarter is a chronic affection, and could not be treated with great respect. The relief system was based upon what was deemed best in various kindred associations in England, France and Germany, and, if not perfect, at least it shares the common misfortune of men and things.[1]

Following in the track of her greatest rival, the Pennsylvania Railroad Company on the first of February, 1886, instituted the Pennsylvania relief system. The company had watched closely the start and successful working of the Baltimore and Ohio system of relief, and introduced it at first as a compulsory feature among their employés.

They had boasted that their employés were in such perfect harmony with the administration, and already so identified with the road and its prosperity, that no subterfuges were to be resorted to in introducing the system. The result of many disputations, protests and strikes on the part of the coerced employés was the complete banishment of the compulsory feature. The Pennsylvania Railroad Voluntary Relief Department was now organized, and on the first of May, 1886, six of the railroads composing the vast Pennsylvania system entered into the plan. These were the Pennsylvania Railroad Company, the Northern Central, the West Jersey, the Philadelphia, Wilmington and Baltimore, the Camden and Atlantic, and the Baltimore and Potomac Railroad Companies. The administrative machinery consists of a manager or superintendent appointed by the company, assisted by an advisory committee of five, of which he is *ex officio* a member. The members of the Relief Department, or contributors, have each a vote and elect annually three of the advisory committee. The company undertakes to support the administration and meet all deficiencies. If any surplus remains in the Relief Department it is used for the promotion of a fund for superannuated members.

---

[1] See "The Relation of Railway Managers and Employés," by Dr. W. T. Barnard, and "The Labor Problem," by Prof. R. T. Ely.

Membership dues are deducted monthly in advance from the wages to the credit of the contributor, in amount depending upon the class to which he belongs. These classes are five in number, based upon the amount of monthly wages, and the contributions vary from seventy-five cents to three dollars and seventy-five cents per month. The relief benefit is fifty cents per day for the lowest class for fifty-two weeks, and half that amount thereafter during disability. For the other classes it rises proportionately, reaching two dollars and fifty cents for the highest. If the disability or sickness is other than from accident in the company's service, the benefit is forty cents for the lowest, rising to two dollars for the highest class, continuing for fifty-two weeks. Death benefits vary from $250 to $1,250. This company, like the Baltimore and Ohio, pays for all necessary surgical attendance during disability. Moreover, like the other railroad relief system, the members forfeit all rights, interest and reliefs if they prosecute the company for damages. In spite of the opposition which characterized its birth, the Pennsylvania Railroad relief system has met with most gratifying results in its short life.

The total membership of the department December 31st, 1886, was 19,952, distributed as follows: Pennsylvania Railroad Division, 16,090; Philadelphia, Wilmington and Baltimore, 1,569; Northern Central Railroad, 1,595; Baltimore and Potomac Railroad, 390; West Jersey, 258; and Camden and Atlantic, 144.

The total income of the Relief Department from membership dues for 1886 was $260,954.90, and the total benefits paid for death, accident and sickness amounted to $151,147.87; for January, 1887 ,$23,187.30. A good deal of space has been given to the subject of railroad relief in this paper because of the great principle involved, applicable as well to every branch of industry, to every great undertaking of modern industrial life. The success of the systems in vogue in the two greatest railroads of the country will undoubtedly lead to its further extension in this and other corporate enterprises.[1]

A system of state insurance and relief, as practiced in Germany, will in all probability be a thing of the distant future. Until this time shall come the management of relief systems by corporations is a step in the right direction toward coöperative association, and will promote beyond question the friendly relations of labor and capital. They do not pose as philanthropic associations, but, in promoting the welfare of their own employés, they do a greater and nobler work than many of the so-called coöperative, beneficial institutions managed by the laboring classes themselves.[2]

---

[1] Compulsory beneficial associations are now forbidden in Maryland by an Act of 1886.

[2] The West Virginia Central Railroad has a relief department with a membership of four hundred and ninety. Receipts, 1887, [illegible]. Disbursements, [illegible].

V.

PROFIT-SHARING.

Whenever a workman has it within his power to increase the quantity of his production, to improve its quality, or reduce the cost price, by efficiency in workmanship and increased economy, profit-sharing may be introduced effectively with a gain to capital and labor. Through the will and individual care of the workman a profit is realized. It is produced by the enhanced efficiency of labor and from it the laborer is to be remunerated. Skilled labor is the essential to a successful scheme of profit-sharing, where the capital invested in tools and material bears a small proportion of the cost of production, and where superintendence is both difficult and expensive. Where machinery plays the important part and labor is of an unskilled and unprogressive character, profit-sharing will gain no foothold. Capital is here all-important and the profits of the enterprise pay an interest on the money sunk in machinery while labor is unimportant and easily controlled.

In industrial partnership, as profit-sharing enterprises are frequently termed, labor and capital are brought into alliance, capital and greater skill in management are united with interested and progressive labor. This introduces us to an all-important factor which places profit-sharing far in advance of the average forms of coöperation. It is the indispensable *business* capacity, necessary for the success of any trade or profession, yet so generally wanting in the inexperienced and in those who rely upon their daily labor for their daily food. The management of a business which involves waiting and delays, buying and selling, above all a capital and credit, requires a guiding mind devoted to its interest and advancement, an industrial pilot who knows the existence of rock and sand-bar, and can guide his craft safely. This business head is the element which so many coöperative undertakings lack, and is their great obstacle to success.

The field for profit-sharing is as limited as it is new in the South, except in that questionable form of farming-on-shares, to be later treated.

The principle attempts at the system have been in coal and iron mines, and in iron foundries. Texas, Alabama and Georgia can furnish several instances in their newly developed mining industries. In Maryland there exists one notable case in the management of the Union Mining Company at Mt. Savage. Through the kindness of the president, Mr. James S. Mackie, I have obtained a minute account of this newly started experiment.

To anticipate and avoid a strike among their employés, strikes having occurred in neighboring mines, the company determined to inaugurate a profit-sharing system in their works. The proposition was made to the employés, and accepted, and the scheme went into active operation January 1st, 1886. The provisions of the agreement were, in brief, that the directors pledge themselves to pay to their employés, annually or semi-annually, an amount equal to ten per cent. on every dividend made to the shareholders; the said percentage to be pro-rated according to the earnings of each man on the pay-rolls for the time covered by the dividend. Salaried employés were excluded, from the fact that no interruptions from weather or lack of work curtailed their regular incomes. The company protected itself from any attempt of management on the part of the employés or oversight of the books. The company, moreover, could terminate the system at the close of any year. The division of profits is among the workmen in all the departments, miners, brickmakers, foundrymen, carpenters and laborers, and is made on the basis of the aggregate earnings of the whole system.

The first dividend was declared in July, 1886, payable on September 15th, and varied from sixty-seven cents to twenty-three dollars per capita, depending on the time of service. Universal gratification was expressed by the two hundred and fifteen participators, who had little faith in any considerable advantage to themselves from the scheme. Indeed, before the distribution occurred, offers were made to sell out their interests for seventy-five cents, but with no takers! The second dividend was made in March, 1887, when about $2,000 was divided among two hundred and fifty employés. Hardly had this been paid, when in April a large number of the employés struck, refusing the arbitration offered by the company. The profit-sharing system has for the present been discontinued and the good are suffering for the actions of the obstinate and foolish. The Union Mining Company, through its care for the welfare of its employés, deservedly had for six years perfect exemption from the evil of strikes. Twenty years ago the company, on principle, discontinued its store and allowed it to be managed by private parties. It was later found that the store-keepers dealt almost exclusively in bills against the company, a system caused, perhaps, by monthly payments of wages. This was found so injurious in tendency that it was broken up in 1883 and the store introduced a cash basis, made easier by weekly payment of wages.[1] In May, 1884, the company donated a park for the use of, and under the control of its employés and their families. To further still their thrift and encourage cleanliness and taste in the management of their dwelling houses, Mr. Mackie has divided his tenements into five districts, and in each offers a prize of one month's rent, whatever it be, to the tenant who shows during the year the greatest improvement and taste.

Though a careful examination of such a large field is well-nigh impossible, I have found the existence of profit-sharing limited to a few kinds of undertakings in the South, and by far the most prevalent form is farming-on-shares.

---

[1] Maryland Code of 1878, section 170, article 23. "No railroad or mining company......shall own, conduct, or carry on any store or have any interest in any store, or receive any portion of the profits thereof, etc."

Farming-on-shares, viewed economically, approaches nearer the principle of profit-sharing than any other form of coöperation. The capitalist is represented in the land-owner, the machinery in the land, and labor in the tenant. Though the law of increasing returns is not as applicable to farming as manufacturing, yet increased skill in the use of natural advantages and properties will net increased production or a cheapness in production. The métayer system has, however, met no mercy at the hands of English economists, who maintain that by this method the land is miserably cultivated, and the agricultural population reduced to poverty. These necessary consequences to such a universal custom have been met by Sismondi, who, as practical farmer as well as economist, has witnessed excellent results from the métayer system of farming-on-shares. However, we are not discussing the consequences of the introduction of a questionable system into the country, but tracing the spontaneous growth and development of the system in the Southern states. Farming in the South prior to the late war was a truly excellent example of extensive cultivation. The typical Southern gentlemen, even before the days of George Washington, were planters living in large, rambling mansions upon their extensive acres. The farmer proper was the overseer, under whose management the plantation was worked by slaves, and its products disposed of, whether the owner was at home or abroad, or summering at the springs. Overseers were usually paid in kind, and little money was ever handled in the administration of plantation economy. Here began the sharing of profits, and it was farther increased by the growth of the free-negro population, who cultivated on shares land given them on manumission or bought gradually by the savings of years. The war and its consequences have completely changed the condition of agriculture in the South. From the close of the great civil strife the large plantations have been undergoing partition in consequence of the social and industrial changes in progress. Tenants, overseers and former slaves have parted the homes of the aristocratic planters among them, either owning or working on shares.

These classes now form the bulk of the farmers, a hundred proprietors in the place of one planter. Of the total gain in the number of farms in the country since 1870, as recorded in the census of 1880, amounting to 1,348,922, 719,996 have been added in the former slave states. The acreage of farm lands in the South Atlantic states increased but twelve and four-tenths per cent. in the above decade, while the increase in number reached seventy-two and three-tenths per cent. The center of this system of farming-on-shares is to be found in the former slave states, though, of course, it exists everywhere.

Of the four million farms of the United States in 1880, seventy-four per cent. were worked by their owners, eight per cent. by tenants paid in money, and eighteen per cent. by tenants farming on shares. The preponderance of these in the South is attested by the fact that but eight and ninety-five hundredths per cent. are found in the North Atlantic group, and twenty-four and five-tenths per cent. in the South Atlantic and Central groups.

In lands thus worked the owner gets his share, or rent, in kind amounting to one-half or as low as one-fifth of the entire crop, varying according to crop, custom and conditions in the lease.

Now as to the effect of this much condemned species of cultivation upon the productivity of the soil and the well-being of the cultivators, it can be satisfactorily shown, I think, that in both particulars farming on shares has been eminently successful in the South. Intensive farming has been substituted for extensive, though perhaps the cultivators are not as intelligent a class. During the slavery period the planters paid no attention to rotation of crops or fertilizing, and, as a rule, lost yearly as farmers, yet they became rich men through "an unearned increment," the increase in their slaves. These slaves now own over eight millions' worth of land in Georgia alone, and, when working on shares, have proved more regular in their payments of shares or rent than white tenants.

Occasionally one finds examples of a more perfect form of coöperation in farming among the colored people of the South. A company of them will associate together, purchase a piece of land, and work it by turns or coöperatively. Thus one such scheme near Savannah has prospered, where seventeen negroes bought a two hundred-acre farm, some managing this, while others make a living by fishing and oystering. The coöperators live continually upon the farm, though carrying on their different trades in connection with it.

INDEX

A

Acme Barrel Co., 227.
Acushnet Coöperative Ass'n, 80.
Adams Coöperative Association, Adams, Mass., 70.
Adams, *Prof.* Henry C., 361.
Agawam Coöperative Shoe Co., Danvers, Mass., 84.
Agricultural Coöperative Colony, 343–354; Italian-Swiss, 449–450.
Allen, F. A., on grange stores in Maine, 22.
Allyn, Fannie, 402.
Amana colony, 350–359.
American Coöperative Union, Ohio, 424.
American Fancy Leather Goods Co., New York, 162.
American *Grange Bulletin*, 373.
American Protective Union, 22.
American Shoe Co., 80.
Amherst, coöperative creameries at, 55.
Austin, M. P., *founder of* Parkersburg Coöperative Ass'n, 507.
Annapolis, coöperative glass works at, 509.
Arlington Coöperative Ass'n, 58; report of treasurer of, 60–1; business of, 62.
Arnold, Joseph, 66.
Ashtabula county, coöperation in, 381.
Asplund, Minn., interest of in loan association, 290.
Asti, coöperative colony at, 457.
Athol Furniture Co., 90.
Auburn, Me., Shoe M'f'g Co. at, 115.

B

Babcock, L. L., 373.
Batchelder, F. L., 204, 205, 207, 215, 219, 220, 222.
Bainbridge, cheese factory at, 379.
Baltimore, coöperative shoe factory at, 492; coöperative bakery established at, 494; coöperative glass works at, 496; coöperative furniture factory at, 497; coöperative shirt factory at, 500; Clinton Coöperative Co. of, 503.
Baltimore and Ohio Relief Ass'n, 516–530; inaugurated, 1880, 516; plan and operation of, 516; statistics of, 519.
Banks, coöperative, in Massachusetts, 98–101; in Maine, Rhode Island, and Connecticut, 101.
Batterson, J. C., 89; letter of 110–114; quoted, 114–115.
Battle Creek Coöperative Ass'n, 262.
Bay Lake, coöperation at, 252.
Beal, *Prof.* W. J., 262.
Bee, *Consul*, 479.
Bemis, *Dr.* Edward W., on Coöperation in New England, 17–135; on Coöperation in Middle States 141–192.
Bennett, Sylvanus, 68.
Bevier, Mo., Coöperative Coal and Mining Co., 414.
Beverly, Mass., Coöperative Ass'n, 73, 154; Coöperative Boot and Shoe Co. of, 84.
Binns, Frank, manager of Frankford Coöperative M'f'g Co., 169.
Bird, Henry, sec'y of Coöperative Reed Chair Factory, 417.
Birmingham, coöperative store at, 67.
Bishop, James, 168.
Bloomington, Ill., mining companies of, 414; Coöperative Stove Co., of, 415.
Boot and shoe coöperatives of the Pacific Coast, 450–452.
Boston, Coöperative Printing and Publishing Co. of, 90.
Boston *Herald*, profit-sharing of, 121; circular of, 122.
Bowman, W. V., president of Sovereign Trading Ass'n, 67.
Brackett, Geo. A., 288.
Brackett, J. Q. A., 93, 94.
Brandon, grange store at, 316.

Brayer, Nicholas, foreman Coöptive Foundry Co. at Rochester, 157.

Brearley, Samuel L., president Mechanics 'Ass'n, 287.

Brentano, quoted, 436.

Brewster & Co., profit-sharing of, 168.

Brigham, O. S., manager of, Springfield store, 41.

Britton, John W., 169; letter of, on profit-sharing, 169–71.

Brockton Coöperative Boot and Shoe Co., 84.

Brodhead, grange coöperative store at, 317.

Brook Farm Community, 17.

Brooklyn, Wis., grange coöperative store at, 317.

Brosnan, T. W., 346.

Brown, Michael J., editor *Building Association and Home Journal*, 185, 187.

Brunswick Coöperative Store, 146.

Bryant, E. B., sec'y of St. Paul building ass'ns, 294.

Buckeye Mining Co., Ind., 411.

Buffalo Pioneer Coöperative Society, 150.

Building Association and House Journal on building associations, 185.

Building and loan associations of Iowa, 349–50; of Minneapolis, 278–291; of St. Paul, 292–7; of Wisconsin, 326.

Burroughs, H. W., 219.

Bush, Edmund H., manager of S. Norwalk Coöperative Hat Co., 83.

Business agency of Ohio, 371.

C

Cable, Ill., Coöperative Tile Co. of, 420.

Cadmus, Kan., coöperative store at, 384.

Caine, *Hon.* Jno. T., 428; quoted, 429, 433, 434–5, 437.

Cameron, A. S. & Co., profit-sharing of, 168.

Cannelburg, Ind., mining companies of, 411, 412.

Capital Building Association, St. Paul, 294.

Capital City Building Association, St. Paul, 294.

Carpenters' Coöperative Association of Decatur, Ill., 418.

Carpenter, W. L., 367.

Central Building and Loan Ass'n, Minneapolis, 291.

Central Furniture Co. of St. Louis, 416.

Century Company, profit-sharing of, 169.

Chambers, Frank R., address to employés, 1886, 172; report of speech of, 1887, 172; on profit-sharing, 173–4.

Chambers, Joseph, agent of Illinois State Grange, 384.

Cheese factories, coöperative, 379–381.

Chelsea, Mass., National K. of L. Coöperative Elastic Fabric Co. of, 91.

Chester, Pa., M'f'g Co., 160.

Chicago, agency of state grange at, 384.

Chicago Coöperative Packing and Provision Co., 421.

Chinese, coöperation among, 478–481.

"Church Hill" Grange, Ky., 506.

Cincinnati, Coöperative Furniture Co. of, 416–17.

Cincinnati Grange Supply House, 375–377, 389.

Claim associations in Iowa, 322.

Clark, *Prof.* J. B., quoted, 251, 402.

Clark, Thos. A., president of Minneapolis K. of L. Building Association, 304.

Clarkson, C. F., editor *Iowa State Register*, 346.

Clayton, Iowa, Farmers' Mutual Insurance Co. of, 342.

Cleveland, business agency at, 372; grange supply house at, 376; Coöperative Stove Company of, 418–19.

Clinton, Mass., K. of L. Coöperative Shoe Store, 69, 80.

Clothing factories, 421.

Colburn, O. L., 278, note.

Coleman, W. W., president of *Herald* Co., establishes mutual aid societies among employés, 270.

College coöperation, 75, 76.
Columbia Building Association, St. Paul, 294.
Combs, John, 298.
Comee, S. G., president of Painters and Decorators' Association of Minneapolis, 276.
Concord Coöperative Printing Co., 164.
Connecticut, grange stores in, 35, 62.
Constant, Kan., coöperative store at, 386.
Converse, J. O., 379.
Coon, Mr., 347.
Coöperation, in New England, Edward W. Bemis, Ph. D., on, 17–136; growth of, 102; laws governing, 103; statistics of distributive, 127–8, 132; statistics of productive, 130–2, 133.
Coöperation in the Middle States, Edward W. Bemis, Ph. D., on, 141–182; distributive, 141–155; productive, 155–167; drawbacks to, 165; legislative safeguards to, 168.
Coöperation in the Northwest, Albert Shaw, Ph. D., on, 199–359; in a Western City, 199–305; among coopers of, 236; fields for, 242; in laundrying, 269; among painters, 274; unsuccessful attempts at, 290; new impulse to, 303; usefulness of, 306; in Minnesota, 307–312; in Wisconsin, 313–329; in Iowa, 331–359; hindrances to, 331; tendencies toward, 331.
Coöperation in the West, Three Phases of, Amos G. Warner on, 367–440; among farmers, 367–393; among wage-earners, 394–421; conclusions concerning, 422–426; among Mormons, 427–439.
Coöperation on the Pacific Coast, Charles Howard Shinn on, 447–481; among the Chinese, 476–481.
Coöperation in Maryland and the South, Daniel R. Randall, Ph. D., on, 489–528; productive, 492–501; distributive, 502–507.
Coöperative, stores in New England, 53–76; in Middle States, statistics of, 152–3; banks, in Massachusetts, 95–101; in Maine Rhode Island, Connecticut, 101; building associations in Middle States, 182–188; statistics of, in Penn., 186–7; in N. J., 187; in N. Y., 188; in Minneapolis, 278; in St. Paul, 296; coopers, in Minneapolis, 199–262; in Milwaukee, 324; agricultural colony 345; associations, enactments of state of Minnesota concerning, 308; law of Wisconsin concerning, 329; list of, in South, 501. See also various coöperative associations under name of town or trade.
Coopers, coöperative, in Minneapolis, 199; results of their coöperation, 230.
Coopers, Dundas, 271.
Coopers, Milwaukee Coöperative, 324.
Covington, Ky., Railroad Tobacco Company, 494.
Coyle, Patrick, 330.
Creameries, coöperative, in New England, 84–5; statistics of, 133; in Ohio, 378–82.
Crosby, G. H., quoted, 244, 345, 346, 347, 348, 349.
Curtis C. W., 203, 204, 205, 207, 215, 219.
Cushman & Co., profit-sharing of, 113; address to employés of, 115; business of, 119, note.
Cutler, Wm., president of Phœnix Barrel M'f'g Co., 233.
Cuyahoga County, O., coöperative creameries in, 381.

D

Danvers Coöperative Union Society, 52.
Dawson, Wm., treasurer of St. Paul building associations, 295.
Dayton, grange store at, 378.
Decatur, Carpenters' Coöperative Association of, 418.
Denver, coöperative ass'n at, 409.
Denver *Labor Enquirer*, 394.

Des Moines, coöperative companies organized at, 350.
Detroit, Boot and Shoe Coöperative Association of, 421.
Devin, M. L., 348.
Dewhirst, Geo., clerk of Arlington Coöperative Ass'n, 55, 105.
Dexter, Me., coöperative store, 69.
Dickinson, F. W., 101.
Distributive coöperation, in Massachusetts, 105; in New England, statistics of, 127–9; in the Middle States, 141–155; in Minneapolis, 262; in the West, 402–409; in the South, 502–507.
Dolge, Alfred, aid society of, 180; announcement of, 181; letter of, 181.
Donelly, J. P., president of International Union of Plumbers, 322.
Drury, Victor, 102.
Dubois, O. V., president of Hennepin Barrel Co., 221.
Dundas, coopers, 271.
Dyson, John B., president of Sovereigns' Trading Co., 68.

E

Eagle Rock, I. T., coöperative association at, 409.
Earle, Wm. H., founder of Sovereigns of Industry, 37, president of, 39; on Rochdale plan, 46; resigns presidency, 51; extracts from addresses of, 51, 52; on productive coöperation, 77.
East Liverpool, O., Standard Coöperative Pottery Co. of, 419.
East Templeton, Mass., Coöperative Chair Co., 79.
Eben-Ezer, N. Y., "Inspirationists" at, 351.
Eglinton, Mo., Society of Integral Coöperators at, 399.
Eldridge, D., 93; quoted, 98, 100.
Ellis, Kan., coöperative ass'n at, 409.
Endsley, P. M., secretary of Central and South Minneapolis Building Associations, 291.
Ensign, E. F., 372.
Evanston, Wy. T., coöperative ass'n at, 409.
Evansville, Wis., grange store at, 317.
Excelsior Coöperative Barrel Co., 218.

F

Fairbury, Ill., Mining Co. of, 413.
Fales, Mrs. Imogene C., organizes Sociological Society of America, 106.
Fannie Allyn Coöperative Ass'n, 402; fair given by, 403; change of name of, 405.
Farmers' Alliance, Minn., 307.
Farmers, coöperation among, in the West, 367–394.
Farmers' mutual insurance companies of Wisconsin, 318; of Iowa, 342–344; tables showing growth of, 342.
Farmers' Protective Association, 344, 349.
Fontanet, Ind., Coöperative Mining Company of, 413.
Fernald, H. C., on Salmon Falls Union Store, 29.
Fincher's Trades' Review, 142.
Fisher, Louis, treasurer of St. Paul building associations, 295.
Flagg, Isaac A., 30.
Flanerty, Thos., 225.
Flower, Frank A., 313, 326; quoted, 315, 316, 317; bill for coöperation drafted by, 329.
Fort Street Building Association, St. Paul, 294.
Fourierism, 313; discussed in Wisconsin, 314.
Frankford, Pa., Coöperative M'f'g Co., 160.
Franklin Building Association, St. Paul, 294.
Franklin Shoe Co., 80.
Freedmen's Savings Bank, 515.
Fremont, Neb., coöperation in, 367.
Fruit Growers' Union of Hammonton, N. J., 149.
Fuel coöperative company, favored, 303.
Fulton County, N. Y., Leather, Glove and Mitten Manufacturing Association, 161.
Furniture workers' coöperative association, of St. Louis, 415; of Baltimore, 497.

G

Galpin, S. A., treasurer of New Haven Wire Co., 120.
Galveston, coöperative ass'n at, 505.
Geauga County, O., coöperative creameries in, 379.
Geneva, grange stores at, 371.
Georgia, coöperation among farmers in, 505.
Giddings, F. H., 105, 106; report of, quoted, 78–79.
Giles, manager of Danvers Coöperative Union, 84.
Gill, M. J., president of Coöperative Barrel Co., 217, 218.
Gloucester, coöperative fisheries at, 107.
Good Samaritans, order of, instituted in Maryland, 513.
Gossage, Wm., 434.
Gourlay, James, superintendent N. E. Granite Works, 110.
Grange stores, in New England, 33; in Minnesota, 268; in Ohio, 372; in Wisconsin, 316; in Iowa, 338–343; in Indiana, 382; in Illinois, 384.
Granger movement in Iowa, 333.
Grant, J. D., secretary of South Ryegate Coöperative Granite Works, 81.
Greenbush, Wis., grange coöperative store at, 317.
"Gross plan," 288.
Grinnell, Ia., grange store at, 338, 339, 343.
Gue, lieutenant-governor, editor of *Iowa Homestead*, 346.

H

Haines, Jones & Co., Philadelphia, profit-sharing of, 174; circular to employés, 174.
Hale, J. H., 38.
Hall, James H., manager of Chester Manufacturing Co., 161.
Hall, P. M., sec'y North Minneapolis Building Association, 291.
Hammonton, N. J., Fruit Growers' Union of, 149.
Harris Colony, 494.
Hartford, granite works at, 110.
Harvard Coöperative Society, 73.
Haverhill, Mass., *Laborer*, 82.
Hazard, R. G., 106; quoted, 110.
Hedreen, A., 372.
Hennepin County, Minn., Barrel Co., 230; Catholic Building and Loan Association, 292.
Herald, N. Y., Benefit Society, 122.
Herold, Der, Milwaukee, 328.
Hill, W. H., manager of Ohio business agency, 371.
Hillsboro, O., grange store at, 377.
Hoffman & Billings M'f'g Co., profit-sharing of, 327; letter to employés, 327.
Holyoake, Geo. J., 457.
Horsford, *Prof.* E. N., president of Rumford Chemical Works, 123.
Howard, Wm., 379.
Hudson Barrel Co., 226.
Hughes, Thomas, founder of Rugby Coöperative Store, 507.
Huke, Herman H., secretary, of Torrington Store, 67.
Huntington Coöperative Ass'n, 382.
Huntsville, Mo., Coöperative Mining Co., 415.
Husbandry, Patrons of. See Patrons.

I

Illinois, coöperative stores, in, 384.
Indiana, grange stores of, 382.
Installment plan, 288.
Integral coöperation, [illegible]–402; New York society of, [illegible].
Internationalists, influence of, in Maryland, 495.
International Working Peoples' Association of Chicago, 396.
Iowa, coöperation in, 331–359; claim associations in, 332; grangers movement in, 333; farmers' insurance companies of, 341; farmers' protective association of, 344; building and loan associations of, 349; the Amana Colony of, 350.
Italian-Swiss Agricultural Colony, 449–450; founding of, 450; operations of, 450–452; by-laws of, 453–457; fifth annual report of, 452.

J

Jansen, *Mr.*, 240.
Jasper County, Ia., Farmers' Mutual Insurance Co. of, 344.
Jensen, S. E., manager of Minn. Coöperative Mercantile Co., 287.
Johnson, *Mr.*, manager of Swedish Mercantile Coöperative Association, 70.
Johnston County, Kan., Coöperative Association, summary of business of, 385.
Johnstown, N. Y., coöperative association at, 161.
Journeymen Plumbers' Union, 319.

K

Kalvelage, J. B., on profit-sharing, 323.
Kansas City, Mo., East Side Planing Mill, 418.
Kansas, coöperation in, 384–386; coöperative bank in, 385; coöperative stores in, 386.
Kaweah, a coöperative commonwealth, 464–475; object of, 464; situation of, 466; government of, 468; by-laws of, 471.
Keller, C. F., first organizer of the Kaweah Colony, 465.
Kelly, O. H., 334.
Kelly, R. C., manager Brandon grange store, 315; quoted, 316.
Kenney, Peter, 207, 219.
Kenosha, Wis., Fourierism discussed at, 314.
Kentucky Railroad Tobacco Co., 494.
Kentucky State Grange, 505.
"Key of Industrial Coöperative Government," 400; quoted, 401.
King, David B., in *Building Association and Home Journal*, on conditions of success of building associations, 186.
Kingman, Geo H., profit-sharing shoe shop, 130.
Kingsland, N. J., Coöperative Association, 149.
Kingston Foundry Co., 89.
Kline, J. W., president of Minneapolis Barrel Co., 287.
Kniffen, L. G., on P. of H. agency at Milwaukee, 317.
Knights of Labor, stores, 69; Coöperative Boot and Shoe Co. of Beverly, Mass., 84; of Lynn, 87; solidarity coöperation of, companies of, 162, 163; of Minnesota, ideas of, regarding coöperation, 244; Coöperative Land Ass'n organized by, 244; attitude toward coöperation, 302; building association of, Minn., 304; ice company of Menomonee, 326; at Richmond, 396; declaration of principles of, 398; report of executive board of, 400; Coöperative Association No. 1 of Cincinnati, 406; coöperative soap factory of Richmond, 509.
Knights of Labor, Chicago, quoted, 394, 421–422.
Krum, W. E. & Co., coöperative cigar factory of, 161.
Kuechler, Geo. C., organizer of distributive enterprises, 403, 405, 406.

L

Labor Enquirer, Denver, 394.
La Crosse, Mutual Loan and Building Association of, 326; Provident Loan and Building Association of, 328.
Lake County, O., cheese factory in, 381.
Lamb, John, 245.
Lansing, Mich., P. of H. Coöperative Association of, 363.
Laramie Coöperative Association, 407; other associations established through influence of, 408.
Laraway, O. M., secretary of Mechanics' Loan and Building Association, Minn., 287.
Larcom, B., manager of Beverly Coöperative Association, 73.
Laundry, coöperative, Minn., 289.
Lawrence, Mass., coöperative association at, 86.
Laws governing coöperation, 102.
Leader Publishing Co., N. Y., 163–164.
Lebanon, Ct., grange store at, 35; A. P. Smith on, 35.
Leonard Foundry Co., 90.
Lewiston, Me., Coöperative Society, 69.

Liberty Coöperative Barrel Co., 219.
Liesan, C. H., president of St. Paul building associations, 295.
Lima, O., cause of failure of grange store at, 377.
Lippert, M. G., on Phœnixville Coöperative Society, 148.
Livermore, H. C., manager of Johnston County Coöperative Association, 385.
Loan and building societies. See Building.
Lord, T. H., coöperative watch-repairing company founded by, 475; business of company, 476.
Louisiana, coöperative educational association in, 505.
Louisville, agency of Kentucky State Grange at, 505; K. of L. store at, 506.
Lowell, coöperative association at, 64; coöperative creamery at, 68.
Lum, Dyer D., author of pamphlets on the Mormons, 427.
Lynn K. of L. Coöperative Boot and Shoe Co., 86.
Lyn, Nelson, on profit-sharing in his factory, 177.

M

McClung, J. N., secretary of St. Paul associations, 294.
McDonald, F. S., treasurer of Mechanics' Loan and Building Association, 287.
McGaughey, J. P., 245, 302; quoted, [illegible].
Mackie, James S., 524.
McLouth, Kan., coöperative association at, [illegible].
McMillen Jas., 180.
McMurray, D. E. D., sup't of Solidarity Watch-Case Co., 190.
McNeil, George E., 104, 105, 106; on causes of failure of New England Protective Union, 24, 25, 26.
Macy, *Prof.* J., [illegible].
Maglathlin, Henry B., manager of New Bedford Coöperative Association, 63.
Maynard, coöperative Society of, 54–56.
Mahoney, John, 461.
Maine, grange stores in, 54; coöperative stores in, 62.
Mallory, W. L., 304.
Martha Washington Coöperative Association, 421.
Martin, J. L., secretary of Kaweah Colony, 465.
Maryland, and the South, coöperation in, Daniel R. Randall, Ph. D., on, [illegible]; Patrons of Husbandry in, 500; Odd Fellows organized in, 512; Order of Good Samaritans organized in, 513; Galilean Fishermen organized in, 513; Mutual Benefit Association incorporated in, 512.
Massachusetts, coöperative banks in, 98–101; statistics of distributive coöperation in, 103. See also New England.
Massachusetts Institute of Technology Coöperative Society, 75.
Master Plumbers' Association, 319.
Mathews, Selah, [illegible].
Mechanics' Store Company of Seneca Falls, 145; and Workingmen's Loan and Building Association of Minneapolis, 295; Furniture Association of St. Louis, 416; Planing Mill Co. of St. Louis, 417.
Menominee, K. of L. Ice Co., [illegible].
Mennonite settlement, [illegible].
Michigan, coöperative associations of P. of H. in, [illegible].
Michigan City, Ind., Coöperative Reed Chair Factory of, 417.
Middlesex Coöperative Boot and Shoe Co., 80.
Middle States, Coöperation in, Edward W. Bemis, Ph. D., on, 141–192.
Mille Lacs, 245, 251.
Milwaukee, P. of H. agency at, 317; Coöperative Plumbing and Gas-Fitting Co., 319; Coöperative Coopers, 321; Mutual Building and Loan Association, [illegible]; Savings and Investment Association, 327.

Mining companies, coöperative, in the West, 411–414.

Minneapolis, Coöperative Coopers of, 199; Coöperative Barrel M'f'g Co., 206, by-laws of, 208; Coöperative Mercantile Co., 263; coöperative laundry of, 266; coöperation among painters in, 274; building associations of, 278; Mutual Building and Loan Association, 287; Turners' Building Association of, 289; South Minneapolis Building and Loan Association of, 290; North Minneapolis Building Association of, 291; East Side Building Association of, 291; results of building associations in, 291; Coöperative Printing Co., 299; Mercantile Co., 299; Coöperative Shirt Factory of, 300; Coöperative Furniture Co., 303; Musicians' Protective Union of, 304.

Minnesota, Coöperative Land Association of, 244; transfer of land of, to Pioneer Co., 245, 246; coöperation in, 307–312; enactments of, concerning coöperative associations, 308, amendments to, 311; Saving Building Association of St. Paul, 294.

Missouri, coöperation in, 384.

Monash, I., 189.

Monroe County, O., cheese factories in, 341.

Moore, Adolphus, president of St. Paul building associations, 295.

Morgan, *Mr.*, 395.

Mt. Savage Union Mining Co., 524–525.

Moynihan, A., secretary of Dundas Coopers, 273.

Mundell, John & Co., profit-sharing of, 175.

Musicians' Protective Union of Minneapolis, 304.

Mutual Building and Loan Association, Milwaukee, 326.

Mutual Loan and Building Ass'n of La Crosse, 328.

N

Nagle, Richard, manager of Lynn Coöperative Boot and Shoe Co., 56, 58.

Naisbitt, H. W., editor of *S. C. M. I. Advocate and Commercial Register*, 428; quoted, 436, 437.

Nashua, N. H., Coöperative Iron Foundry Co., 90.

Natick Protective Union, 22.

National Building Association, St. Paul, 294.

National Coöperative Guild, Cincinnati, 405–406.

National Grange Bulletin, 371; account in, of Ohio business agency, 371.

National K. of L. Coöperative Tobacco Co. of Raleigh, 498.

National K. of L. Coöperative Elastic Fabric Co. of Chelsea, Mass., 91.

Neshannock Coöperative Society, 149.

Nebraska, coöperation in, 396–7.

Nelson, N. O., 423.

New Bedford, Industrial Coöperative Association, 62; coöperative store at, 89.

New Britain, Ct., coöperative association at, 67.

New England, coöperation in, Edward W. Bemis, Ph. D., on, 17–133; Protective Union, 19–23; causes of failure of, 24–26; Granite Works, 110.

New Hampshire, grange stores in, 34.

New Haven Wire Co., 119.

New Jersey, Coöperative Building Association in, 157–8.

New Market, N. H., Coöperative Shoe Store of, 90.

New York *Staats Zeitung*, 180.

Newton, Farmers' Insurance Co. at, 344.

North Dighton, Mass., Coöperative Stove Co., 83; of Taunton, 84.

North Minneapolis Building and Loan Association, 291.

North Star Barrel Co., Minn., 218, 219.

North Star Building Association, St. Paul, 294.

Northwest, Coöperation in the, Albert Shaw, Ph. D., on, 199–359.
Northwestern Barrel Co., 224.
Northwestern Coöperative Building Association, 239.
Noyes, J. H., "American Socialism," 312.

O

O'Brien, Bronterre, quoted, 437.
Odd Fellows, organized in Maryland, 512.
O'Donnell, John, 219.
Ohio, Business Agency, 371–372; other coöperative enterprises in, 372–382.
Ohio Valley Coöperative Pottery Co., 420.
Olathe, coöperative association at, 385; Patrons' Coöperative Bank at, 385.
Orvis, John, prepares plan for coöperative stores, 46.
Our Girls' Coöperative Clothing Manufacturing Co., 420.
Overacker, J. W., 207.
Oliver, Robert, 437.

P

Pacific Coast, Coöperation on, Charles Howard Shinn on, 447–481.
Paine, Robert Treat, Jr., on building associations, 183.
Painters, coöperation among, 274; advantages and results of, 276–7.
Painters and Decorators' Coöperative Association of Minneapolis, 275.
Palmer, A. J., president of Northwestern Barrel Co., 225.
Parkersburg Coöperative Association, 507.
Patrons of Husbandry, in New England, 33; Coöperative Corporation of, in Portland, 34; in Minnesota, 207; in Wisconsin, 317; in Iowa, 335; efforts of, and causes of failure of, in the West, 369–370; coöperative bank of, 385; in the South, 491.
Peabody, Mass., coöperative store at, 57.
Peabody, Mr., 412.
Peace Dale, R. I., M'f'g Co., 108.
Pease, E. M. E., establishes coöperative paint shop, 275; sec'y of P. & D. Coöperative Ass'n of Minneapolis, 276; on results of coöperation, 277.
Peck, Edward W., secretary of Coöperative Foundry Co. of Rochester, 158.
Pennsylvania, coöperative building associations in, 156–157.
Pennsylvania Railroad Voluntary Relief Department, 521–2.
Peoria, Ill., Coöperative Coal Co. of, 418.
Philadelphia Industrial Coöperative Society, 143; Coöperative Hat Co., 161; system of banking, 278, 282; building and loan associations in, 297.
Phillips, Thos., 141; quoted, 142.
Phoenix Barrel M'f'g Co., 222.
Phoenixville, Pa., Coöperative Society, 147.
Pierce, Samuel A., 422.
Pillsbury, Chas. A. & Co., 206, 255; coöperative profit-sharing of, 255; letter of, in 1883 to employés, 256; letter of, in 1886, to employés, 257; business of, 259.
Pioneer Coöperative Co., 245; constitution of, 246, 252.
Pioneer Coöperator, The, 151.
Planing mills, 417–418.
Plumbers' Coöperative Association, N. Y., 163; of Milwaukee, 319; International Union, 319, 322.
Plumbing, advantages of coöperation in, 323.
Plymouth Rock Coöperative Co., 64.
Powderly, T. V., quoted, 390, 398; letter of, 411.
Poweshiek County, Ia., Farmers' Mutual Insurance Co., 342.
Pottery and tile works of, 419.
Pratt, S. A., on Worcester Union Store, 28.
Productive coöperation, in New England, statistics of, 120–122; in the Middle States, 156–167; in the West, 409–11; in Maryland and the South, 499–501.

Profit-sharing in New England, 107–125; in N. E. fisheries, 107; in the Middle States, 163–188; in the Pillsbury Mills, 255; in Wisconsin, 327; in Maryland and the South, 488–508.
Progressive Coöperative Association of Worcester, 64.
Provident Loan and Building Association of La Crosse, 326.
Pulsifor, R. M. & Co., letter of, 122.

Q

Quincy, *Hon.* Josiah, 98.
Quinsigmond, Swedish coöperative store at, 70.

R

Railway Building Association, St. Paul, 294, 296; relief associations, 516–522.
Raleigh National K. of L. Coöperative Tobacco Co., 495.
Randall, Daniel R., Ph. D., on Coöperation in Maryland and he South, 489–508.
Rankin, Jas. S., 206; life and work of, 243, 244, 245, 251, 263.
Raritan, N. J., coöperative store at, 150.
Reading Coöperative Cigar M'f'g Co., 161.
Real Estate and Building Ass'n, St. Paul, 294, 295.
Redstone, A. E., 465.
Redstone, J. H., 465.
Reeves, Wm. H., 203.
Reilly, J., 66.
Residual benefits of coöperation among farmers, 381–384.
Reynolds, Wm., secretary of New Bedford Industrial Coöperative Association, 63.
Rhode Island Coöperative Printing and Publishing Co., 82.
Rhodes, J. E., 347, 348.
Rhodes, Walter, 347, 348.
Rice Street Building Association, St. Paul, 296.
Rice & Griffin, profit-sharing of, 174.
Richmond K. of L. Coöperative Soap Factory, 500.
Ries, Leopold, on Milwaukee coöperative coopers, 334.
Ripley, *Rev.* George, on Brook Farm, 18.
Riverside Coöperative Society of Maynard, 54–59.
Roberts, H. E., 207.
Robinson, Chas., 237.
Rochdale plan, 21, 48, 78, 141, 142, 143, 145, 146, 147, 149, 150, 151, 152, 228, 491, 502.
Rochester Coöperative Foundry Co., 158.
Rockingham, Pottery Co. of, 430.
Rogers, Peet & Co., profit-sharing of, 171.
Rogers, G. S., manager Texas Coöperative Association, 505.
Rugby, Tenn., coöperative store at, 507.
Rumford Chemical Works, 122.
Rushville, Ind., Coöperative Sash and Blind Factory, 418.

S

St. James Beneficial Society, 515.
St. Louis, Furniture Workers' Association of, 415; Mechanics' Furniture Association of, 416; Central Furniture Co. of, 416; Mechanics' Planing Mill Co. of, 417–418.
St. Paul, building societies of, 291; compared with Minneapolis, 292–294; usefulness of, 296; Mutual Building Association, 294; Workingmen's Ass'n, 294.
Salmon Falls Union Store, 23.
Samuels, Mr., pamphlet on "How to organize coöperative societies," by, 390; constitution for a coöperative society drawn up by, 401.
Sander, Theodore, secretary of St. Paul building ass'ns, 294.
San Francisco, boot and shoe coöperatives in, 460.
Santa Rosa, 464.
Sargent, Geo. W., 203.
Saunders, Wm., 234.
Savings and Investment Ass'n, 337.
Scallen, J. C., secretary of Hennepin County Building Association, 282, 285.

Scheffer, Albert and Herman, treasurers of St. Paul building associations, 295.
Schubert, G. A., 304.
Scituate Coöperative Shoe Co., 82.
Seeger, Edward W., treasurer of Springfield Foundry Co., 122.
Seligman, *Prof.* E. R. A., 163.
Seneca Falls, Mechanics' Store Co. of, 145.
Seven Corners Building Ass'n of St. Paul, 294.
Sharboro, A., originates Italian-Swiss Agricultural Colony, 450.
Sharp, Henry K., organizes N. Y. Society of Integral Coöperatives, 398; lectures on coöperation by, 399; quoted, 399.
Shaw, Albert, Ph. D., on Coöperation in the Northwest, 199-359.
Shay, J. H., president of Streator Supply Store Co., etc., 406.
Sheddon, John, successor to *Mr.* Earle, 82.
Shinn, Charles Howard, on Coöperation on the Pacific Coast, 447-481.
Silver Lake, Mass., coöperative store in, 63.
Simpelaar, Matt J., 319-324.
Small, *Mr.* Leonard M., 92.
Snow, E., 338, 339, 340, 343.
Society of Integral Coöperation in Missouri, 398-9.
Sociological Society of America, 108.
Solidarity Coöperation of the K. of L., 162; plan of, 162; companies of, 163, 189-192.
Somerset Coöperative Foundry Co., 78.
Sonoma, Cal., Italian-Swiss Colony in, 451.
South, Maryland and the, Coöperation in, Daniel R. Randall, Ph. D., on, 489-529; list of prominent coöperative enterprises in the, 501.
South Minneapolis Building and Loan Association, 290.
South Norwalk, Ct., Coöperative Hat Co., 82.
South Ryegate, coöperative granite works of, 81.
Sovereigns of Industry, in New England, 37-51; early history of, 37; provisions of constitution of, 38; establish Springfield store, 40; adopt Rochdale plan, 46; success and failure of, 47-51; statistics of, 49, 50; found Riverside Coöperative Society, 55; found coöperative store at Silver Lake, 63; found Lowell Coöperative Association, 64; found Webster Coöperative Ass'n, 65.
Sovereigns' Coöperative Ass'n of Worcester, 66; Trading Co., 67.
Spencer Coöperative Boot and Shoe Co., 83.
Sperry M'f'g Co., profit-sharing of, 124.
Springfield, Mass., convention at, 38; coöperative store at, 40; Coöperative Creamery, 84; Foundry Co., 122.
Standard Art Glass Co. of Milwaukee, 325.
Standard Coöperative Pottery Co. of East Liverpool, O., 419-420.
Stanhope, *Mr.*, 219.
State Building Ass'n of St. Paul, 294.
State Grange, of Ohio, 371-372; of Illinois, 384.
Stevens, *Mr.*, 227.
Stoker, Frank and Lawrence, 294, 300.
Stoneham Coöperative Shoe Co., 79.
Stinson, Wm. H., on grange stores in N. H., 34.
Stove Works, 418-419.
Streator, Ill., Coöperative Supply Store, 406.
Summit Coöperative Coal and Mining Co., 414.
Swedish Coöperative Co., First, 70; Mercantile Coöperative Association, 69.

T

Tailors' Coöperative Union of Boston, 78.
Tulare County, Kaweah Colony in, 469.
Taunton, North Dighton Coöperative Stove Co. of, 84.

Taylor, Benj. F., quoted, 432.
Taylor, John, 432.
Temple, A. V., secretary of St. Paul building associations, 294.
Tette, Eliot, profit-sharing in gas manufacture, 130; letter of, 131.
Texas, coöperative associations of, 362-363.
Texas Farmer, 363.
Tootbaker, W. H., Master of Kansas State Grange, 358.
Torrington, grange store at, 26, 30; R. C. Patterson on, 25.
Township Mutual Insurance Co., 307.
Trade discounts, 95.
Treat, N. E., president of Twin City Barrel Co., 289.
Trenton Coöperative Society, 145; Coöperative Business Association, 151.
Troy, Coöperative Stove Works of, 137.
Turners' Building Association of Minneapolis, 289.
Twin City Barrel Co., 289.
Twomey, Michael, 54, 55.

U

Union Coöperative Ass'n *No.* 1, 141; Coöperative Barrel Co., 218.
Union stores, 23.
United Workingmen's Coöperative Boot and Shoe Co., of San Francisco, 460-462.

W

Wakefield Shoe Co., 81.
Walker, Francis A., 475; quoted, 436.
Waller, Sam'l, secretary of Seneca Falls Mechanics' Stove Co., 145.
Walsh, Matt., 292.
Wanamaker, John, profit-sharing of, 175; letter of, 175; on profit-sharing, 178.
Warner, Amos G., on Three Phases of Coöperation in the West, 367-459.
Washburn & Moen M'f'g Co., 344, 345, 346, 347.
Washington, agency of Maryland P. of H. at, 306-7; Coöperative Building Ass'n of D. C., 311.
Wealth of Households, The, quoted, 257.
Webster Coöperative Ass'n, 63.
Wentworth, Daniel G., 219.
Wernersville, Pa., coöperative cigar factory at, 161.
West, Three Phases of Coöperation in the, Amos G. Warner on, 367-459.
West Virginia, distributive coöperation in, 306.
Westerly, R. I., Granite Works, 110.
Wheeler, E. S., president of New Haven Wire Co., 119.
Whittier, Sam'l, Jr., 105.
Williams, E. T., secretary of St. Paul building associations, 294.
Wilson, O. F., president of Dundee coopers, 273.
Wiltbank, Joseph, manager of Minneapolis Coöperative Laundry, 289.
Wisconsin, coöperation in, 312-320; Phalanx, 313; building and loan associations in, 328; profit-sharing in, 327.
Wolcott, F. P., 372.
Wood, Morrell & Co., profit-sharing of, 179; proposition of to employés, 179.
Woolsey, J. U., on coöperation among painters, 374.
Worcester, union store at, 20; coöperative associations at, 64, 68.
Workingmen's Building Ass'n of St. Paul, 294.

Y

Yale Coöperative Society, 74.
Young, Brigham, 436; first president of Z. C. M. I., 438.
Young, Wm. F., 104; on causes of failure of New England protective unions, 24.

Z

Zanesville, grange stores at, 372.
Zion's Coöperative Mercantile Institution, 437-454; official statement of, for fiscal half-year ending July, 1886, 451.
Z. C. M. I. Almanac, quoted, 452, 453, 440.

JOHNS HOPKINS UNIVERSITY STUDIES
IN
HISTORICAL AND POLITICAL SCIENCE.

HERBERT B. ADAMS, Editor.

FIRST SERIES.—Local Institutions.—1883.

I. An Introduction to American Institutional History. By Edward A. Freeman. 25 cents.

II. The Germanic Origin of New England Towns. By H. B. Adams. With Notes on Coöperation in University Work. 50 cents.

III Local Government in Illinois. By Albert Shaw.—Local Government in Pennsylvania. By E. R. L. Gould. 30 cents.

IV. Saxon Tithingmen in America. By H. B. Adams. 50 cents.

V. Local Government in Michigan and the Northwest. By E. W. Bemis. 25 cents.

VI. Parish Institutions of Maryland. By Edward Ingle. 40 cts.

VII. Old Maryland Manors. By John Johnson. 30 cents.

VIII. Norman Constables in America. By H. B. Adams. 50 cts.

IX-X. Village Communities of Cape Ann and Salem. By H. B. Adams. 50 cents.

XI. The Genesis of a New England State (Connecticut). By Alexander Johnston. 30 cents.

XII. Local Government and Free Schools in South Carolina. By B. J. Ramage. 40 cents.

SECOND SERIES.—Institutions and Economics.—1884.

I-II. Methods of Historical Study. By H. B. Adams. 50 cents.

III. The Past and the Present of Political Economy. By R. T. Ely. 35 cents.

IV. Samuel Adams, The Man of the Town Meeting. By James K. Hosmer. 35 cents.

V-VI. Taxation in the United States. By Henry Carter Adams. 50 cents.

VII. Institutional Beginnings in a Western State. By Jesse Macy. 25 cents.

VIII-IX. Indian Money as a Factor in New England Civilization. By William B. Weeden. 50 cents.

X. Town and County Government in the English Colonies of North America. By Edward Channing. 50 cents.

XI. Rudimentary Society Among Boys. By John Johnson. 50c.

XII. Land Laws of Mining Districts. By Charles Howard Shinn. 50 cents.

THIRD SERIES.—Maryland, Virginia, and Washington.—1885.

I. Maryland's Influence Upon Land Cessions to the United States. With minor papers on George Washington's Interest in Western Lands, the Potomac Company, and a National University. By H. B. Adams. 75 cents.

II-III. Virginia Local Institutions:—The Land System; Hundred; Parish; County; Town. By Edward Ingle. 75 cents.

IV. Recent American Socialism. By Richard T. Ely. 50 cents.

V-VI-VII. Maryland Local Institutions:—The Land System; Hundred; County; Town. By Lewis W. Wilhelm. $1.

VIII. The Influence of the Proprietors in Founding the State of New Jersey. By AUSTIN SCOTT. 25 cents.
IX-X. American Constitutions; The Relations of the Three Departments as Adjusted by a Century. By HORACE DAVIS. 50c.
XI-XII. The City of Washington. By J. A. PORTER. 50 cents.

FOURTH SERIES.—Municipal Government and Land Tenure.—1886.

I. Dutch Village Communities on the Hudson River. By IRVING ELTING. 50 cents.
II-III. Town Government in Rhode Island. By W. E. FOSTER.—The Narragansett Planters. By EDW. CHANNING. 50c.
IV. Pennsylvania Boroughs. By WILLIAM P. HOLCOMB. 50c.
V. Introduction to the Constitutional and Political History of the Individual States. By J. F. JAMESON. 50 cents.
VI. The Puritan Colony at Annapolis, Maryland. By DANIEL R. RANDALL. 50 cents.
VII-VIII-IX. History of the Land Question in the United States. By SHOSUKE SATO. $1. (*In cloth, $1.25.*)
X. The Town and City Government of New Haven. [Chapters VIII and IX from Levermore's "Republic of New Haven."] By CHARLES H. LEVERMORE. 50 cents.
XI-XII. The Land System of the New England Colonies. By MELVILLE EGGLESTON. 50 cents.

FIFTH SERIES.—Municipal Government. History and Politics.—1887.

I-II. City Government of Philadelphia. By EDWARD P. ALLINSON and BOIES PENROSE. 50 cents.
III. City Government of Boston. By JAMES M. BUGBEE. 25 cts.
IV. City Government of St. Louis. By MARSHALL S. SNOW. 25c.
V-VI. Local Government in Canada. By JOHN GEORGE BOURINOT. 50 cents.
VII. The Influence of the War of 1812 upon the Consolidation of the American Union. By NICHOLAS MURRAY BUTLER. 25 cents.
VIII. Notes on the Literature of Charities. By H. B. ADAMS. 25 cents.
IX. The Predictions of Hamilton and De Tocqueville. By JAMES BRYCE. 25 cents.
X. The Study of History in England and Scotland. By PAUL FREDERICQ. 25 cents.
XI. Seminary Libraries and University Extension. By H. B. ADAMS. 25 cents.
XII. European Schools of History and Politics. BY ANDREW D. WHITE. 25 cents.

Separate Volumes, Bound in Cloth, will be sold as follows:

SERIES I.—Local Institutions. 479 pp. $4.00.
SERIES II.—Institutions and Economics. 629 pp. $4.00.
SERIES III.—Maryland, Virginia, and Washington. 595 pp. $4.00.
SERIES IV.—Municipal Government and Land Tenure. 600 pp. $3.50.
SERIES V.—Municipal Government. History and Politics. 559 pp. $3.50.
SERIES VI.—The History of Co-operation in the United States. 540 pp. [illegible] to regular subscribers, [illegible] to others.
EXTRA VOLUME ONE.—The Republic of New Haven. 342 pp. $2.00.
EXTRA VOLUME TWO.—Philadelphia, 1681-1887. 444 pp. $3.00.
EXTRA VOLUME THREE.—Baltimore and the 19th of April, 1861. 176 pp. $1.

The entire set of Six Annual Series is now offered in a handsome Library Edition for [illegible]*; with the three Extra Volumes,* "New Haven," "Baltimore," "Philadelphia," *altogether nine volumes,* [illegible].

Communications relating to subscriptions, exchanges, etc., should be addressed to the PUBLICATION AGENCY OF THE JOHNS HOPKINS UNIVERSITY, BALTIMORE, MD.